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More Reportage on South Pacific Forum Meeting

Aviation Rationalization Discussed

BK0308035294 Melbourne Radio Australia in English 0630 GMT 2 Aug 94

[From the "International Report" program]

[Excerpts] The 11 South Pacific airlines collectively make a loss of Australian $100 million—equivalent to what Australia and New Zealand give in aid to the region. The 15 island leaders meeting at the South Pacific Forum in Brisbane have taken the radical decision to look into rationalizing air links. It marks a turning point in attitude in the region which rushed to set up national airlines in the postindependence area. South Pacific correspondent Erina Reddan reports:

[Begin recording] [Reddan] The problem for South Pacific nations is isolation, especially as large Australian and American airlines with technology improving all the time are moving to overpass the region in West-East air routes. Many of the airlines are in trouble. Take Western Samoa's Polynesia Airlines with debt amounting to Australian $50 million. But Western Samoa's prime minister, Tofilau Eti Alesana, says he is not hanging on to the airline just to assert his country's independence.

[Tofilau Eti] The airline, as I have stated earlier and also already during our deliberations in the forum retreat, is not singularly an item that Western Samoa needs because of its sovereignty or what. But we need it because it establishes a good source of economic resources to the country. This is in terms of pulling in tourists as well as easing up of the traveling between the islands within the region as well as to the outside world. So that was one of the major reasons why we still maintain that the airline is still a viable operation and a venture for the government to operate for the country.

[Reddan] Australia's prime minister, Paul Keating, in announcing the proposed rationalization of regional airlines, made it clear that even then some airlines will still be making a loss, just as not as big as now.

[Keating] What they are interested in is air services, not airline ownership necessarily. They are interested in the provision of air services and air services at effective and efficient pricing. Now, whether than can be done by, if you like, Pacific subregional carriers who service a region of the Pacific, including those places which will always remain subeconomic; although in fact this will need to be carried on national budgets is a moot point. That is the point that will be examined.

[Reddan] Western Samoa's leader, Tofilau Eti, says he would not even go as far as saying that airlines will be closed.

[Tofilau Eti] Well, that I don't know. I don't think that there should be some airlines to close, but it should be an issue or some type of operation that should be operated on a mutual understanding that it will not cause disruptions to the future of that particular airline because of the bigger airlines that are creating an unfair competition.

[Reddan] So, you are talking about more efficiency, rather than cutting down.

[Tofilau Eti] Exactly, that is exactly what I mean here—more efficiency and more liberalization on the part of large airlines within the region toward smaller airlines. [end recording] [passage omitted]

Destruction of Resources Viewed

BK0308030494 Melbourne Radio Australia in English 0100 GMT 3 Aug 94

[Text] Asian countries face new restrictions in negotiating access to South Pacific forests and fisheries. Alexandra Kirk reports the South Pacific Forum has vowed to stop the over exploitation and destruction of the region's natural resources:

[Begin Kirk recording] Fifteen Pacific Islands leaders meeting in Brisbane ended their two-day summit, agreeing to bring in a code of practise to slow logging of their tropical rain forests and vowing to charge more for access to their abundant tuna fisheries.

In a first for the region, Australia has offered to forgive some of the Solomon Islands debt in exchange for an end to logging in a proposed world heritage area.

Pacific nations also proposed to boost economic growth by developing the private sector and rationalizing unprofitable airlines. For the rest of the week, big aid donors to the region, including Asian nations whose companies have exploited the resources, are holding a series of bilateral aid and trade talks with South Pacific leaders.

Japan

Kono Denies Tokyo To Build Nuclear Weapons

OW0308115794 Tokyo KYODO in English 1141 GMT 3 Aug 94

[Text] Tokyo, Aug. 3 KYODO—Foreign Minister Yohei Kono strongly denied Wednesday that Japan had any actual intention to develop nuclear weapons, while admitting the Foreign Ministry once considered all policy options over nuclear arms.

Kono referred to a recent news report that in a 1969 secret document the ministry said Japan should hold the financial and technical potential to make nuclear arms without actually producing them.

Kono, also deputy prime minister, said in a special press conference it is a fact that the ministry considered "all policy possibilities," and their advantages and disadvantages concerning nuclear arms before Japan signed the nuclear Nonproliferation Treaty (NPT).

But it is clear from the process that ensued that Japan took the position of firmly maintaining its three nonnuclear principles, he said.

The principles are not possessing, producing or introducing nuclear weapons into Japan.

Japan, as the only nation to have experienced atomic bombings, "will strictly uphold the three nonnuclear principles and observe its obligations under the NPT," he said.

"The nuclear option would do nothing but harm to our national interests and would also be totally unthinkable from our special national sentiment," Kono added.

*Japan's Options Vs. DPRK's 'Nuclear Arms'

942B0119A Tokyo USHIO in Japanese Jun 94 pp 138-147

[Article by Masao Okonogi, Keio University professor: "Now Is the Chance To Fundamentally Change Japan-South Korea Relations"]

[Text] **Why "Survival" Has Become So Serious**

North Korea is obsessed with the development of nuclear weapons for the "survival" of its system. Why has the problem of "survival" become so serious? My thoughts are as follows.

First, North Korea's international isolation increased after the dismantling of the Berlin Wall with the USSR's recognition of South Korea, the discard of the socialist system by the East European nations and the Soviet Union, and China's recognition of South Korea.

Second, the economic stagnancy of the past dozen or more years has become further aggravated in the 1990's. In the past, North Korea has maintained trade relations with the former socialist nations through a barter trade, but this has fallen apart. It is barely supported between China. Moreover, amid its isolation in the international society, its national defense burden has increased.

According to ordinary estimates, its GNP fell into a minus growth for four consecutive years after 1990 (albeit within a range of 3 to 7 percent).

Third, the general gap between South Korea and North Korea has become exceedingly wide—especially in the economic aspect. A simple comparison of the GNP shows that, while South Korea's GNP has reached the $7,500 per capita level, North Korea is in a stalemate with about $1,000 per capita. In terms of national strength, there is a GNP ratio of roughly 1:15. This is crucially significant.

Translated into national defense spending, if South Korea continues to spend 5 percent of its GNP for national defense, North Korea will be spending only one-third even if it appropriates 25 percent of its GNP—which is considered to be the limit for defense spending by any nation. When considering the situation five or 10 years later, anxiety sets in.

In the early 1990's, statements made by North Korean leaders suggested apprehension regarding unification with South Korea, and the "survival" of the North Korean system loomed as a grave problem because of the three abovementioned reasons.

However, judging from the position of North Korean leaders, at least the following conditions are necessary for its "survival," and it is assumed that they are fully aware of this.

First, amid the prospect that the North-South economic gap will convert to a gap in conventional battle strength, the problem exists of what to do about national security. The development of nuclear arms made its advent as a solution to the problem.

However, possession of nuclear weapons does not necessarily guarantee survival. It would be difficult without economic reconstruction despite possession of nuclear arms. Consequently, the leaders of North Korea pursued dual goals of nuclear arms development and economic reconstruction—or a dual policy.

Actually, another condition is necessary. It is a long-range opening of the economy to the outside and systemic reform. The North Korean leaders recognize this also. For example, despite a debate on economic sanctions on the outside, the Supreme People's Congress has ratified a foreign exchange control act and is promoting development of the Tumen River.

However, the immediate problems are the development of nuclear weapons and reconstruction of the economy. In the past, we were concerned about how to separate the two goals—that is, to somehow make North Korea suspend nuclear arms development and to cooperate with them on economic reconstruction, which is a carrot-and-stick policy. There was no other way, whether it would be successful or not.

This surfaced graphically in the process of Japan-North Korea negotiations. For example, I believe that, if the North Korean side had chosen to discontinue development of nuclear arms during the negotiations, the Japan-North Korea talks would have already ended in agreement. In that case, Japan would be introducing capital and technology as a form of "reparations" today. However, at the time, North Korea had no intention of abandoning nuclear arms, and the talks ended in failure.

Circumstances Behind the "Comprehensive Agreement" Approach

Nonetheless, I believe that the North Korean leaders learned a lesson in the process. That is, they confirmed the effectiveness of nuclear arms development as a card in diplomacy. Nuclear arms development as a card in diplomacy is often debated, but it was not always so. The awareness was born at a certain point in time. I believe it was during the process of Japan-North Korea negotiations.

Because the United States rejected diplomatic negotiations with North Korea in the past, the North Korean side was unable to achieve its goals of U.S.-North Korea talks through ordinary means. Ever since Chairman Kim Il-sung called for a U.S.-North Korea conference during the Carter administration, there has never been a single successful case. Consequently, how to effectively use the card to jump-start U.S.-North Korea talks became the foreign policy goal of North Korea.

Therefore, it used the card of nuclear arms and played the game of secession from the NPT [Nuclear Nonproliferation Treaty]. It was a diplomatic surprise attack by North Korea. No matter how small a nation, if it makes a desperate surprise attack at the risk of war, the large nation will be forced to make the choice of either crushing the former's attempt with armed force or enter into negotiations. Ultimately, the U.S. Government chose the latter.

I believe that the characteristics of North Korea's diplomatic style is well represented in the NPT secession declaration. This was also commonly seen in the Japan-North Korea negotiations. When the Kanemaru-Tanabe delegation visited Pyongyang, the Japanese side had in mind the release of two seamen of the No.18 Fujisan Maru and the opening of a liaison office.

Kanemaru and his party headed for Pyongyang, saying they would open up a "windhole" in Japan-North Korea relations, but the North Korean side made a surprise diplomatic attack instead. In other words, they presented a grand premise of establishing diplomatic relations to the Japanese delegation. They succeeded in issuing a joint tripartite declaration of the North Korean Labor Party, the Liberal Democratic Party, and the SDPJ [Social Democratic Party of Japan]. It included a clear stipulation of an apology and reparations for the 45 postwar years. As a result of the successful surprise attack, the Japanese side was obliged to move into negotiations for the establishment of diplomatic relations.

I believe that the tripartite joint declaration is equivalent to a joint declaration in U.S.-North Korea negotiations. The method of adopting a diplomatic document to put a meeting on track was commonly used in the early stages of U.S.-North Korea and Japan-North Korea negotiations.

The U.S.-North Korea negotiations later evolved into meetings in New York and Geneva which was paced on the North Korean initiatives, and the North Korea reaped diplomatic successes. However, a counteroffensive was launched by the United States last year. The key concept has been "a continuation of security measures."

During the interim period, U.S.-North Korea negotiations were premised on a halt in nuclear arms development by North Korea. If the extraction of plutonium is continued, the foundation of the talks will crumble. Consequently, ever since the joint declaration, the U.S. side continued to demand that North Korea accept regular inspections by the IAEA [International Atomic Energy Agency], and this is the origin of the current "inspection" issue.

On the other hand, North Korea strongly demanded a comprehensive agreement between the United States and North Korea. Two goals were targeted by this formula. The crux existed in the terms "U.S.-North Korea" and "comprehensive." The U.S.-North Korea" portion was aimed toward going over South Korea's head to better relations with the United States, and the term "comprehensive" implied that, with only the nuclear arms development card to play, the negotiations must be settled in one stroke. Such were the circumstances behind the comprehensive agreement formula.

Following a fierce confrontation between the United States and North Korea, they arrived at a compromise. It was not the comprehensive agreement demanded by the North Korean side but a kind of small-scale agreement—"small comprehensive agreement" so to speak—and a gradual approach toward a solution. For example, the United States sponsors a third conference and North Korean accepts inspections by the IAEA. Whereas the United States and South Korea suspend the "team spirit" maneuvers, North Korea reopens North-South talks. The compromise proposal consisting of a package of the four items was agreed upon in late December 1993 between the United States and North Korea.

Providing the backdrop for the success of the package was the desire on both sides to solve the nuclear problem through negotiations. A major compromise is not possible at the present stage. The formula involves implementing a small package for the time being, pushing a third conference and linking it to a larger compromise.

Under the present circumstances, the small package has failed, making it difficult for a solution through negotiations. In the first stage from January to February, discussions between the IAEA and North Korea met rough sailing regarding the scope of the inspections. However, agreement was reached by settling the inspection objective on a confirmation of whether the nuclear material at the seven atomic energy facilities was being converted to military use.

The inspections thus began, but at this point the next problems arose. One was that the U.S.-South Korea side demanded the exchange of special emissaries instead of a mere resumption of North-South talks, and the North Korean side caused a rift in the reopened working conference. Another was that North Korea refused inspection of some key facilities during the actual inspections. As a result, the package failed. Subsequently, the inspection problem was brought up at a special IAEA directors meeting and passed on to the United Nations. At a Security Council meeting on 31 March, the "Secretary General's statement" (on implementation of reinspections and reopening of North-South talks) was adopted.

In the process, at the North-South working conference on 19 March [1994] for example, there was a threat from the North Korean side that "Seoul will become a sea of fire," and the statement on 21 March by the North Korean foreign ministry made it clear that it will not accept additional inspections by the IAEA and that it would secede from the NPT if "team spirit" was resumed. Consequently, the tensions have escalated sharply. The U.S.-South Korea side has again announced the deployment of Patriot missiles and the exercise of "team spirit," and President Kim Yong-sam has paid a visit to Japan. Also, (the then) Prime Minister Hosokawa and President Kim Yong-sam visited China to discuss the problem with the Chinese leaders.

However, the essence was that the package deal had failed, and I believe it is difficult but not impossible to revive it. For example, North Korea's Foreign Vice Minister Kan Suk-chu reportedly sent a memo to U.S. delegate Galucci (the two are delegates in the U.S.-North Korea negotiations) to the effect that "if the request for a North-South meeting of special emissaries is withdrawn, we are prepared to accept additional inspections." Also, it was later reported that the other North Korean foreign vice minister made a similar statement to Indonesian President Suharto. It can be judged that behind North Korea's ostensibly harsh language is a move to avoid economic sanctions.

North Korea's Diplomatic Style Differs From the West

It appears that North Korean leaders think of diplomatic negotiations in terms of "a war model" or "a political struggle model." It is a style which differs qualitatively from diplomatic negotiations practiced in the West. Not only in diplomacy but also in economic construction, such terms as "a speedy war," "a 100-day battle," and "conquering the high ground" are used. As was mentioned before, the NPT secession declaration was therefore a "surprise attack."

During the past 40 years, North Korean leaders have devised unique tactics to fight a major power. It is guerilla warfare, or what they call "hit-and-run battle tactics."

First, the starting point is how a small nation can defeat a great power. For this purpose, surprise attacks, taking hostages, threats and harassments are necessary and, depending on the case, desperate risks must be taken. It is their understanding that only by resorting to every possible trick can a small nation survive.

Second, North Korean diplomacy is aimed at large targets. Another of its traits is that it does not compromise halfway. In Japan's case, it aimed for normalization of relations, and my judgment is that it also had the same goal vis-a-vis the United States. It does not appear at all to want to open a liaison office and sign a trade pact or work toward a limited coexistence.

The third characteristic is, as seen in the U.S.-North Korea comprehensive agreement formula, that it constantly seeks to go over South Korea's head. The objective seems to be to diplomatically shock South Korea by a dramatic advance in negotiations with a great power like the United States, just like the Nixon shock (U.S.-China rapprochement) experienced by Japan.

Prehaps the strategy envisioned by the North Korean leaders is to use the diplomatic shock on South Korea, resulting from a successful U.S.-North Korea comprehensive agreement, to hold North-South summit talks and to force South Korea to accept a federation-type of unification. I believe that they plan under such a system to form another framework between the North and South for their own survival.

Furthermore, assuming that such an attempt succeeds, U.S.-North Korea relations are drastically improved and a framework for North-South coexistence is formed, perhaps they think that Japan will also join the trend. Their ultimate goal is probably a normalization of Japan-North Korea relations. The reason is that the reconstruction of North Korea's economy is not possible without capital from Japan.

The final trait is that the North Korean leaders have been extremely careful to avoid a military collision with the United States. In the past, there were such critical incidents as the capture of the ship Pueblo and the slaying of a U.S. military officer with a hatchet in Panmunjom (the Poplar incident). However, they were provocations within a scope short of war. Because North Korea's present objective is "survival," their policy is probably to avoid a military collision with the United States as much as possible.

Therefore, U.S.-North Korea negotiations during the period began with North Korea's diplomatic surprise attack in March 1993 in the form of a declaration to secede from the NPT. It was followed after the Geneva conference by a counteroffensive by the United States, South Korea and the IAEA, and it progressed to a "small comprehensive agreement."

If the "small comprehensive agreement" is implemented, I believe that the confrontation between the two sides will move to a kind of position war, and ceasefire negotiations will begin. The rest will be a conditional struggle with a compromise to see which side gains the advantage and by how much. The side with superiority in the position war will probably win diplomatically by a 7:3 or 6:4 ratio.

However, if North Korea should persist in rejecting IAEA inspections, the package will fail. In that case, judging from the present situation, sanctions are inescapable. In mid-April, Defense Secretary Perry will visit South Korea and the U.S.-South Korea side will coordinate their views during the occasion. Subsequently, diplomatic bargaining with North Korea will probably be resumed. However, if North Korea continues to reject IAEA inspections until the end of April, the Security Council will be forced to issue a resolution of warning in May. It will result in a resolution on economic sanctions with a limited grace period of two or three weeks.

There is a view regarding economic sanctions that they will not be very effective because North Korea has a self-sufficient economy, but I do not agree. It cannot continue without outside capital and technology, and that is why it desires normalization of relations with Japan as well as normal relations with the United States.

As was mentioned before, the North Korean economy has shown a minus growth for four consecutive years in the 1990's. In effect, another pressure in the form of economic sanctions will be added to the minus growth. The North Korean economy will unmistakably fall into a irrecoverable condition. Its leaders will certainly wish to avoid sanctions by all means, although it has declared its ability to withstand economic sanctions for a year or two.

Instead, I am concerned that the effect of the sanctions may be excessive. In that sense, it is desirable for China to continue to supply a minimum of food and oil.

The drawbacks of economic sanctions are, first of all, that once they are invoked, it is difficult to backtrack. As long as they are passed by an international organization, they cannot be suspended until all of the demanded conditions are satisfied. Secondly, in case the economic sanctions are overeffective, the problem of disintegration of the system arises. It is difficult to judge from the outside when it does occur. In other words, it is impossible to predict the point of no return from the outside, and probably the North Korean leaders themselves will not know.

Consequently, in case the sanctions are continued for a long term, the system will become untenable at some point. The possibility of major turmoil arising or of North Korea suddenly erupting must be borne in mind. It could erupt in a murder and suicide rampage. The question inevitably remains when a system disintegrates, whether it will silently endure the consequences.

The Road to "Negotiations" Is Not Closed

What is important for Japan is that, once sanctions are imposed, it has no alternative except to participate. This is true for the following three reasons.

First, in considering the present Japan-U.S. relations with its increasingly serious frictions, after the United Nations decides to use sanctions, refusal by Japan to cooperate will mean to destroy the Japan-U.S. alliance. This is a problem that is related to national security. Second, Japan has already expressed an interest in becoming a member of the UN Security Council. A nation with such an intention cannot be permitted to be passive in implementing a resolution by the Security Council. Third, and most importantly, from the standpoint of the outside world, Japan and South Korea are the nations with direct interest regarding the current North Korean nuclear issue. If one of the nations adopts an ambiguous attitude, it cannot escape strong criticism.

However, in such a case, countermeasures by North Korea must be taken into consideration. Conversely, Japan cannot participate in the sanctions without proper preparation. Of course, it does not mean that missiles will come flying as soon as economic sanctions begin. However, an emergency alert system will be necessary. Also, in case the threat of war emerges, Japan's national security will become an issue.

For example, there is a constant Japanese resident population of 5,000 in South Korea and 20,000 including travelers. There will be a problem of emergency protection for these people. This is directly related to the problem of revising the Self-Defense Law. It is necessary to consider whether the dispatch of SDF [Self-Defense Forces] rescue planes is not really warranted.

Also, in case the North Korean countermeasures exceed the scope of political threats, the problem of more direct crisis control will probably surface. There is already a debate on what the SDF can do in case of a sea blockade, but prior to that attention must be addressed to the fact that Japan's domestic system and its overall crisis control are inadequate.

Nonetheless, what we must seek is not economic sanctions or appeasement toward North Korea. It is the third option—i.e. the way to solutions through negotiations which have been maintained in the past among the governments of Japan, the United States, and South Korea. For the present, all efforts should be directed toward restoring this method.

For example, if a North-South working conference is first reopened and agreement is reached on an exchange of special emissaries, North Korea's acceptance of additional inspections will be possible. The "team spirit" maneuvers can then be suspended and a third U.S.-North Korea conference can be held. North Korea is actually shaken by the strong stand taken by the West.

However, from a long-range viewpoint, despite a solution of the nuclear issue, if a major political upheaval takes place in North Korea, Japan cannot avoid being seriously affected. Even assuming that South Korea succeeds in achieving a peaceful unification, South Korea cannot carry the costs of unification with its present economic power. What will Japan do in such a case? In the process, refugees from the North may conceivably stream into Japan via South Korea. Also, what would Japan do if the nearly 100,000 North Korean former residents of Japan, who returned to North Korea, wanted to reenter Japan? What would Japan do with the problem of over 6,000 Japanese wives of North Koreans? There would be many such problems.

Moreover, they will arise within five or 10 years. Aside from the question of whether they will be welcomed amid confusion, such as the disintegration of the North Korean system or in a more gradual fashion, the fact that such a situation will definitely arise should be seriously considered.

Also, the future relations betweeen Japan and a unified Korea will depend on how Japan responds to such a situation. I do not believe that Japan-South Korea and Japan-North Korea relations will change fundamentally unless there is a major historical event equal to colonial occupation—which would be a new experience. It will probably be the unification of Korea. How much can Japan contribute to such a fervent hope of a race? I believe that it will determine the new relations between Japan and a unified Korean peninsula.

Tamazawa on Defense Budget, U.S. Bases

OW0308130894 Tokyo KYODO in English 1250 GMT 3 Aug 94

[Text] Ogawa, Japan, Aug. 3 (KYODO)—Japan plans to keep the lid on spending for U.S. bases here in the fiscal 1995 budget, defense chief Tokuichiro Tamazawa said Wednesday [3 Aug].

"There will be no exception to curbing the defense budget, including our shouldering of the expenses of U.S. military bases in Japan, and it is a subject under consideration," Tamazawa told reporters during a visit to the Air Self-Defense Forces base here, some 80 kilometers northeast of Tokyo.

He indicated that next year's increase in such expenses under a special bilateral agreement may be held down to a level less than the 30 billion yen anticipated under the fiscal 1995 defense budget.

With the government aiming to hold the defense budget increase to 0.9 percent in fiscal 1995, cutbacks are expected in expenses allocated for the maintenance of U.S. bases in Japan.

Tamazawa's remarks apparently reflect plans to hold down defense spending and suggest the Defense Agency may be finding it difficult to maintain a basic minimum level of defense capability due to the severe controls.

Foreign Minister Yohei Kono indicated last week there would be no changes in Japan's commitment to the United States, but some dissenting voices are being heard within the agency about holding down expenses while allowing increased spending for U.S. bases.

According to the 1991 special agreement, Japan shoulders the salaries for Japanese base employees, lighting and heating expenses, increasing its share of expenses to 75 percent by fiscal 1994.

By fiscal 1995, the final year of the agreement, Japan is to increase its part of the burden by another 25 percent, taking on the entire cost of maintaining the bases.

To that end, some 30 billion yen is needed additionally in next year's budget over this year's base-related budget of 123.4 billion yen.

Tamazawa said he does not expect any further major increases in Japan's share of the security arrangement, with the current agreement expiring after the next fiscal year.

Ruling Coalition Parties Discuss Defense Budget

OW0308095094 Tokyo NIHON KEIZAI SHIMBUN in Japanese 30 Jul 94 Morning Edition p 3

[Unattributed article: "Sakigake Presents a Compromise Plan on Move to Reduce Defense Spending; Cutback in Spending on Stationing of U.S. Troops Briefly Debated"]

[Text] It was learned on 29 July that a fierce battle was fought among the ruling coalition parties when they discussed the defense part of departmental budget requests for 1995. The matter was settled with a compromise under which the defense budget's "growth is pegged at 0.9 percent over last year's figure, and this rate will be respected in formulating the final government draft." Stories have it that the compromise deal came from Sakigake [Harbinger] and that Finance Minister Masayoshi Takemura wrote the scenarios from behind the scenes. Even the question of cutting spending on the stationing of U.S. forces in Japan—something that has hitherto been considered taboo for discussion in consideration of Japan-U.S. relations—was put on the table for debate for a while.

Although subsequently the question of cutting spending for the troops was removed from the discussion list, the fact that it was even considered a matter of debate is likely to have an impact on budget formulation discussions late this year, as well as on the future of the defense budget.

During defense budget discussion among the coalition parties on 28 July, the Social Democratic Party of Japan [SDPJ] insisted that its growth rate should be less than 0.9 percent, the figure by which the 1994 budget grew over the preceding year's. The Liberal Democratic Party [LDP], meanwhile, demanded at the final stage of negotiations that it was dropped no lower than 1.4 percent.

The talks came to an impasse in the afternoon. Then lower house member Sakihito Ozawa of Sakigake presented a compromise plan suggesting that the growth rate be set at 0.9 percent and that this figure be respected in formulating the formal budget draft. Upon hearing the suggestion, representatives from the LDP and the SDPJ asked Ozawa to discuss it with Finance Minister Takemura, who is also the party representative of Sakigake, and obtain his "understanding." That is why Ozawa then hurried to the Finance Ministry.

While he received Ozawa in his office, the finance minister discussed the matter with officials from the Budget Bureau. The officials protested in the presence of Ozawa.

They said: "This will set a bad precedence because it binds the Finance Ministry's right to make assessment."

However, the minister persuaded the officials into essentially accepting the ministry idea. Ozawa reported Takemura's remarks at the defense issue adjustment meeting of the ruling parties held shortly past 1600 on the same day. The move toward "assuring the figure of 0.9 percent" became a fixed matter in a rather short time.

However, some people speculate that the man who thought up the compromise plan was the finance minister himself.

An LDP officer said: "He cleverly used his position as finance minister and also head of the party in order to hold down the defense budget." The truth is yet to be known.

In the course of negotiations on the defense budget, an LDP representative remarked, "if the defense budget is reduced further, we will not be able to even handle the spending needed to station U.S. forces in Japan."

Representatives from the SDPJ and Sakigake replied: "In the future, it seems, will not be able to avoid cutting spending on the stationing of U.S. troops in Japan."

For a moment, according to a source who attended the talks, the representatives seemed to think they had no choice but to refer to the issue of reviewing spending on the stationing of troops. This was despite the fact that no one was clear about whether they should really discuss it.

The story soon got around to the Foreign Ministry, and a shock ran through the ministry as officials feared the issue would "hurt Japan-U.S. relations."

In the evening, Foreign Minister Yohei Kono, who had just returned from a visit to Bangkok, discussed the matter with Vice Minister Kunihiko Saito, Atsushi Tokinoya, director of the North American Affairs Bureau, and other officials. It is said that subsequently he personally phoned senior officers of the parties calling on them strongly to rethink the idea of discussing the issue.

He is reported to have said: "It will put us into a difficult position if you take up the question of spending on the stationing of troops."

Another intention behind the LDP's decision to make an issue of discussing cutting spending on the stationing of U.S. troops in Japan was apparently to warn the SDPJ and Sakigake that if Japan cut the overall defense budget too much, it could aggravate relations with the United States. The LDP wanted to put a brake on the two other parties, who apparently wanted to cut the defense budget.

There was no denying that the issue of cutting spending on the stationing of troops was used by the parties in bargaining over the overall defense budget.

MITI Plans Cooperation With Developing Nations

OW0308081894 Tokyo NIHON KEIZAI SHIMBUN in Japanese 3 Aug 94 Morning Edition p 7

[Text] The Ministry of International Trade and Industry [MITI] has drawn up a plan, the "Technical Cooperation 10,000 Program" to expand Japan's technical cooperation with developing countries. The program sets a goal of registering 10,000 experts to be sent to developing countries annually, and accepting 10,000 trainees each year from these countries by the year 2000.

This is because Asian countries and other developing countries, which are in the process of industrialization, have been asking Japan to impart technology through personnel exchanges. On the other hand, Japan also wants to expand job opportunities for Japanese technicians, who are finding jobs scarcer due to restructuring in Japanese companies and the active inroads they are making into foreign countries.

The program will be implemented from financial year 1995. The dispatch of experts and the acceptance of trainees are both eligible for overseas development assistance (ODA). A total of 2.7 billion yen and 6.4 billion yen, respectively, have been appropriated for these purposes in financial year 1994. MITI is asking the Ministry of Finance to increase the allocation for this project in the 1995 budget.

The dispatch of experts is undertaken through MITI's auxiliary organization, the Japan Overseas Development Council. Right now, about 1,000 technicians, mainly retirees from manufacturing industries, are registered with the council, and 400 of them are sent to developing countries each year. MITI's new program calls for the registration of 10,000 technicians, with 1,000 sent overseas annually by the year 2000.

With progress in industrialization, there has been a diversification in technical cooperation needs in developing countries, particularly Asian countries such as China, Indonesia and Malaysia. MITI believes the present size of its technicians' corps will not be sufficient to meet requirements of developing countries. It plans to undertake an organized expansion of the number of registered technicians with the help of Japanese companies and industrial organizations.

The acceptance of trainees is also being undertaken by a MITI auxiliary organization, the Association for Overseas Technical Scholarships. At present, Japan accepts about 4,000 civilian technicians a year from developing countries. The new goal is to take in 10,000. The association's training centers in Tokyo, Yokohama, Aichi-gun, Aichi Prefecture, and Suita City, Osaka will be expanded and renovated. The total number of training rooms in these four training centers will be increased from the present 700 to 1,000.

The expansion of technical cooperation through the dispatch of experts also benefits Japan. Japanese manufacturers have been actively promoting restructuring or the transfer of production bases overseas to avoid a decline in international competitiveness. There is serious concern that such efforts may result in a surplus of technicians. Through the expansion of overseas assignments, MITI wants to open up job opportunities for surplus personnel.

Ozawa's New Party Plan Criticized by Colleague

OW0208143694 Tokyo MAINICHI SHIMBUN in Japanese 2 Aug 94 Morning Edition p 2

[Text] On 1 August, Koichiro Aino, a Shinseito [Japan Renewal Party] lower house member (from Saga Prefecture) severely criticized Shinseito Chief Secretary Ichiro Ozawa's plan to form a new party, claiming Ozawa was trying to carry out the plan in "dictatorial ways." He made the remark at a news conference in Kashima City, Saga Prefecture after noting that "many party members share my opinion."

Aino said: "A new party should be formed after the opposition parties reach a policy accord. This is right in theory. (Ozawa's plan) is utterly based on his personal opinion."

He criticized Ozawa, saying: "I oppose this dictatorial way in which one person leads the others."

Commenting on an alliance between Ozawa and Komeito Secretary General Yuichi Ichikawa, he said: "Some Diet members are afraid that this alliance might lead to the rise of an idea like Nazism."

He then added: "I hope Ozawa will take a back seat for the time being."

A rift between Aino and Ozawa has been much talked about. Aino was once dismissed from his executive post on the House of Representatives' Committee on Rules and Administration because of his criticism of Ozawa when the Social Democratic Party of Japan left the Hata coalition government.

Opposition Camp Moves Toward Forming New Party

OW0208121694 Tokyo TOKYO SHIMBUN in Japanese 1 Aug 94 Morning Edition p 2

["Scope—'94 Political Situation" column by TOKYO SHIMBUN reporter Masaya Takada]

[Text] As calls grow for the formation of a new-new party through the merger of opposition parties based on the former coalition, the moves of each of the parties involved grow brisker as they maneuver to take the initiative in the new-new party.

At "the seismic center" of moves are the Liberal Democratic Party [LDP] defectors led by former Prime Minister Toshiki Kaifu, together with a bloc of the Japan New Party [JNP] and the Democratic Socialist Party [DSP]. It is apparent that while they providing the impetus to their move, they are eager to reduce influence of the "Ichi-Ichi" powerbase of Shinseito [Japan Renewal Party] Secretary General Ichiro Ozawa and Komeito Secretary General Yuichi Ichikawa.

Although there are differences within the opposition camp over the formation process and the timing of the launch of the new-new party, it shares a common view that there should be such a new-new party.

Based on this consensus, Kaifu has moved briskly. On 25 and 28 July, while Shinseito's Ozawa was on a visit to the United States, Kaifu held a trilateral meeting with Shinseito head Tsutomu Hata and JNP head Morihiro Hosokawa. At the meeting, according to those close to Kaifu, he proposed his basic ideas and policies, thereby taking a clear lead in promoting the formation of a new-new party from "theoretical perspective."

Inaugurating the policy study group "Liberal Reform Union" [Jiyu Kaikaku Rengo) composed of the parliamentary group "Koshi-kai" led by himself, the Liberal Party, New Party Mirai, and parliamentary group "Kaikakunokai," Kaifu has started strengthening the unity of the LDP defectors.

Meanwhile, the JNP and the DSP have recently confirmed that they will take a joint action toward forming a new-new party. According to a senior DSP member, they hope to take concerted action "just as the LDP faction did," even if a large parliamentary group or a new party is formed.

The same senior DSP member also said that within the DSP there was a plan "to form a group with the JNP and then form a new group with Liberal Reform Union" with the aim of creating a larger political force than Shinseito and Komeito within the new-new party.

Underlying such moves, according to a senior member of New Party Mirai, is the aim of securing the "strength in numbers" that will be able to cope with both Shinseito and Komeito and take the initiative in forming basic ideas and policies in the new party so that "small parties can form a new-new party with Shinseito and Komeito on an equal footing."

Since both the JNP and the DSP are allergic to the political strategy of the "Ichi-Ichi line," they are concerned that some opposition party members might be left behind if the new party is formed on initiative of Shinseito and Komeito.

The Kaifu-led Liberal Reform Union, which Kaifu thinks could attract potential LDP defectors, also sees that such defectors might hesitate to leave from the LDP unless the "Ichi-Ichi" influence is weakened.

In forming a new-new party, the Liberal Reform Union and the JNP- DSP group are considering, according to a senior DSP member, pushing the "Kaifu color" more to the front so that the "harmful influence of the Ichi-Ichi line is weakened." If Ozawa and Ichikawa move to take the initiative, however, the general impetus toward the formation of a new-new party might stall again.

Yamagishi Backs Rengo-Led Political Party

OW0308073894 Tokyo NIHON KEIZAI SHIMBUN in Japanese 3 Aug 94 Morning Edition p2

[Text] Akira Yamagishi, chairman of the Japanese Trade Union Confederation [Rengo], at a news conference on 2 August, referred to the concept of forming a "Rengo-led political party," which is being increasingly talked about at local Rengo chapters and other quarters. Yamagishi signaled he would view the idea in a positive manner.

He said: "In September, the bill on zoning (of single-seat districts for the House of Representatives election) will be ready, and moves toward political realignment will become very active. We would like to discuss the issue at greater depth after watching those moves."

He was asked about the possible new-new party which Ichiro Ozawa, secretary general of Shinseito [Japan Renwal Party], talked about during his recent visit to the United States.

Yamagishi said: "What little possibility there was for it disappeared when Ozawa opened up his big bundle [o-buroshiki]." He thus predicted there would be no inauguration of a new-new party in September.

Murayama's Idea of Having Special Aide 'Shelved'

OW0208141594 Tokyo ASAHI SHIMBUN in Japanese 1 Aug 94 Morning Edition p 1

[Text] Prime Minister Tomiichi Murayama's idea of creating the post of "special aide to the prime minister" has been shelved. He floated the idea immediately after his inauguration. He wanted Syusei Tanaka—the acting representative of Sakigake [Harbinger] who served as a special aide in the first half of the administration of Morihiro Hosokawa—to fill this position. However, the idea has now been shelved largely because of bureaucratic opposition. They argued that, "if the special aide's post is created, it will complicate coordination within the administration."

In addition, there was growing concern among both the Liberal Democratic Party [LDP] and the Social Democratic Party of Japan [SDPJ], which form the basis of the coalition government, that "Mr. Tanaka may take over the leadership by using the post as special aide to the prime minister." The idea of appointing a politician as an "aide to the prime minister" has been discussed since the LDP was in power as a good idea to enhance coordination between the prime minister and the cabinet. However, it seems that there still exists an obstacle to the realization of the idea, even in the age of the coalition administration.

Prime Minister Murayama asked Tanaka to become his special aide on 30 June, immediately after the prime minister entered the prime minister's official residence for the first time. Although the prime minister asked Tanaka "to become an aide to support the prime minister in various respects," Tanaka declined the offer, saying he "wants to devote himself to party affairs." Sticking to the idea, though, the prime minister said: "If you think the burden is heavy, what do you think of appointing one member from each of the three parties as a special aide?"

At (then) Prime Minister Hosokawa's request, Tanaka took the post of special aide last summer. Although his position was not covered by the Cabinet Act, he used a small room at the prime minister's official residence as his office and served as the brain of the administration, largely by preparing Hosokawa's speeches. It has been said that the high popularity of Hosokawa, who advocated "reform," was attributed greatly to Tanaka's ideas and advice.

Tanaka played a leading role in working out the basic policies on which the three parties—the LDP, the SDPJ, and Sakigake—reached an accord on establishing the Murayama administration. It seems that as Murayama became prime minister without thorough, advance preparations, he has concluded Tanaka's advice would be indispensable in working out the administration's ideas and selecting policies.

However, as soon as the prime minister's intention was reported, ministries and agencies in Kasumigaseki [the area of Tokyo containing Japan's judicial and administrative organizations] expressed opposition, saying: "If all policy items are supposed to be submitted to the prime minister through a special aide, the situation would become too difficult for us." Bureaucrats probably thought that it would make the situation awkward if there were more politicians based at the prime minister's official residence, because they have to brief them on policies or any maneuvering behind the scenes.

When Tanaka was special aide in the Hosokawa administration, there were heated confrontations between Tanaka and both the Foreign Ministry and the Finance Ministry over the issue of Japan's bid for a permanent seat in the UN Security Council, as well as how to proceed tax reform. For this reason, there was a strong sense of concern in the two ministries that Tanaka might be appointed again. Deputy Chief Cabinet Secretary Nobuo Ishihara (in charge of administrative affairs), who is the top-ranking bureaucrat, implicitly advised Prime Minister Murayama to give up the idea of creating the post of special aide, saying: "There are not enough rooms for three (special aides) to use in the prime minister's official residence." It is observed that Ishihara conveyed the feelings of Kasumigaseki bureaucrats to the prime minister.

Members of the SDPJ, to which the prime minister belongs, also expressed opposition to the idea of introducing the post of special aide. SDPJ Secretary General Wataru Kubo said: "As a party member has been appointed parliamentary secretary, the prime minister should have him serve as his special aide."

A staff member at the prime minister's official residence said that as Prime Minister Murayama had now learned "there is considerable opposition" within the LDP to Tanaka, who has a very forceful personality, he has no choice but to give up the idea.

According to a person close to the prime minister, for this reason the prime minister's idea "has been shelved."

LDP's Kato on Timing of General Elections

OW0308105694 Tokyo KYODO in English 1033 GMT 3 Aug 94

[Text] Osaka, Aug. 3 KYODO—A senior Liberal Democratic Party (LDP) lawmaker said Wednesday [3 Aug] a general election should be held only after next year's poll for the House of Councillors.

Koichi Kato, head of the LDP's Policy Affairs Research Council, said the political priority now is to nurture the government of Prime Minister Tomiichi Murayama into a stable administration.

"We can ill afford to dissolve (the House of Representatives) and call a general election at the moment," he said at a press conference.

"We will hear people's judgment in unified local elections and upper house elections next year. A general election can be held up until after them," he said.

He also stressed the importance of passing legislation to redraw an electoral map for a new system by the end of the year.

A government panel is drawing up an electoral map for the new system of single-seat constituencies combined with proportional representation that will replace the old multiseat constituencies as stipulated by political reform bills that passed the Diet in January.

The LDP is one of the three parties in the ruling coalition, shared with the Social Democratic Party [of Japan] headed by Murayama and New Party Sakigake [Harbinger], an LDP splinter.

Paper Claims Tax Cuts Proved Effective

OW0208195894 Tokyo NIHON KEIZAI SHIMBUN in Japanese 30 Jul 94 Morning Edition p 2

[Editorial: "Allegation That 'Tax Reductions Would Not Be Effective' Proved Wrong"]

[Text] It appears that the economy has hit bottom and is beginning to move toward a steady recovery. Economic trend indexes (coincident indicators) for May announced this week showed a graph on the upperside of the 50 percent line for three consecutive months. The revenues of national department stores and supermarkets for June dropped slightly compared with the same month last year, but the scale of the drop was much lower than in May. In July, which is the month when the effects of reductions in income taxes (including residential tax) should show up fully, the revenues of the department stores will most likely show a growth over the same month last year for the first time in 29 months (23 months for supermarkets).

Even for the semiconductor companies, which have undergone tough restructuring, demand for their semiconductor memory chips is growing, aided primarily by demand for personal computers in the United States. These companies are in full production without time to rest on holidays. The basic tone for the economy has apparently changed.

We would like to emphasize once again that large-scale tax reductions have played a great role in shoring up the economy.

The recent recession was the type that comes in cycles, but it was complicated by structural problems in such volume-produced and export-oriented industries as the auto industry, as well as by the damage done to financial institutions by the deflation of asset values. Given these conditions, we believe that the private sector's efforts alone were not enough to enable the economy to break out of the recession and that the government needed to actively participate in solving those problems.

Finance Ministry Stubborn on Balancing Finance

From this perspective, we have pointed out the needs for tax reductions in our newspaper editorials since the fall of 1992—for instance, in one entitled "We Must Discuss the Income Tax Reduction Head On" (28 September

1992) and in another one entitled "We Should Have Income Tax Reduction First To Help Tone Down the Progressive Curve" (19 January 1993). In these editorials, we insisted that early implementation of income tax reductions should contribute greatly to overcoming the recession.

On the other hand, we have for some time pointed out the need to reform the tax system, primarily by correcting the gap in proportions of direct and indirect taxes, in order to stabilize tax revenues and also to prepare the nation for the forthcoming aged society. Despite this stand, given that economic conditions were so bad, we "suggested giving priority to reducing the income taxes and implementing them first" (in the editorial of 7 February 1993).

But, contrary to this, the Finance Ministry, the stubborn stickler to balance finances, started a campaign against the tax reductions, insisting, "the effects of tax reductions on boosting the economy would be minimal."

For instance, according to a report on page 3 of the 23 January 1993 morning edition of this newspaper, the Finance Ministry and the Economic Planning Agency [EPA] claimed, "now, when the propensity to consume is dropping as a result of the bubble bursting, implementation of income tax cuts will bring little effect toward inciting consumption since a substantial portion of gains from the tax cuts would wind up in savings." Using "the EPA's world model," these offices asserted that the effects of the income reductions in boosting the GNP would hardly amount to half those which could accrue if the same amount of money was used on public works investments. These offices refuted the effects of the tax reductions with full confidence and declared "the effects of the income tax reductions would be very small when compared with the costs for them."

However, given the complicated nature of the recession, we thought the normal measures for inciting economy—reducing interest rates and expanding public works investments—would have limited effects. And we thought the most effective measure to deal with the situation would be to implement a tax reduction of more than 5 trillion yen in scale. We made this point time and time again in our editorials.

Then all of sudden in the gray of the morning of 3 February this year, (then) Prime Minister Hosokawa announced that the government wanted to institute a national welfare tax system as a financial resource to fill in shortfalls arising from the reduction of income taxes. He said he wanted to set the rate for the new tax at 7 percent, and to put it in effect beginning in April 1997. His action apparently followed the Finance Ministry's conclusion that there is no choice but for it to accept reductions in taxes. But what the ministry wanted to do also was, in fact, to raise overall tax revenues. We immediately raised our objection in our editorial the next day, saying: "De-facto tax increases will never contribute to economic recovery." Eventually, the idea on the national welfare tax had to be scrapped in the face of strong criticism from all quarters.

Subsequently, on 8 February the government announced a package of overall economic measures, a key point of which was to go ahead and enforce, for a one-year period, a reduction of taxes by about 6 trillion yen.

With this package in his pocket, Prime Minister Hosokawa went to the United States and met with U.S. President Clinton on 11 February. But (according to reports on page 4 of the 13 February morning edition of this newspaper) President Clinton was very much disappointed by the prime minister's announcement that the tax reductions would be good for only one year. He was disappointed that the prime minister could not promise reductions in income tax for a second year. The cause for this situation was that the Finance Ministry, which wrote the scenarios for the prime minister's announcement, was concerned only with balancing the finances, and ordered him not to say anything about reductions after the one year period.

On 27 May, the Finance Ministry submitted to the Government Tax Commission a report called "Mechanical Estimate Concerning Tax Reform." What the ministry stressed in the report was: a) To take into account that the tax reductions had gone ahead before securing backup financial resources and that overall financial demand will continue to grow in the future, it will be necessary to raise the rate of the consumption tax to 7 percent, and 2) this should take place 1 April 1997. In other words, what it wanted was to ensure that the mathematical sum of the tax reductions and tax increases would result in an increase in taxes. Besides, this calculation on tax revenues was done when the economy was in recession, which means that the tax revenues will further grow once the economy turns upward.

We Need a Consumption-Led Economic Recovery

With regard to this proposed tax reform, we said (in the editorial of 13 July): 1) We are opposed to a reform wherein the sum of tax reductions and increases result in an increase in taxes; and 2) as far as the timing for raising the consumption tax is concerned, it should be flexible; 1997 should be alright if the economic condition has recovered adequately enough, but its enforcement should be put off if the economy has not recovered enough.

The main purpose for tax reform is to correct the imbalance in the existing tax system, which is too dependent on direct taxes. The issue exists of the financial resources which are required for such increased financial demands as social security costs, but the government should handle that issue separately and should consider it only after presenting the situation to the public. The idea of attempting to increase taxes, and taking the chance of correcting the imbalance between direct and indirect taxes, is too easygoing and will bring major adverse effects on the economy.

Even though it can be said that the economy has started to move toward recovery, investments in plant and equipment by the manufacturing sector, including mass-producing and export-led businesses, are still low-key. Pressures from the high yen remain strong. In order to bring about domestic demand-led economic recovery, consumption needs to expand further. Hence, the role the tax reductions can play is great. According to a survey conducted by NIKKEI RYUTSU SHIMBUN, the marginal propensity to consume stemming from the recent actions on tax reductions runs to 62 percent.

It so happened that the big tax reductions came together with the particularly warm summer season, and this helped the sale of such seasonal products as air conditioners and soft drinks. Sales of foreign-made cars as well as leisure cars are going well, and the number of travelers is growing. We would like to reaffirm that the Finance Ministry's allegation that "tax reductions would have no effect of boosting economy" was wrong.

Takemura Welcomes Stabilization of Currency Rates

OW0308084994 Tokyo KYODO in English 0832 GMT 3 Aug 94

[Text] Tokyo, Aug. 3 KYODO—Finance Minister Masayoshi Takemura welcomed Wednesday the dollar's rebound to the 100 yen level in line with "receding speculative movements," while remaining concerned about the impact of the yen's rise on Japan's economic recovery.

"I hope currency rates will continue moving in line with economic fundamentals with receding speculative movements," Takemura told a regular news conference.

The dollar recovered to the 100 yen level Wednesday, with dealers saying players squared their overbought dollar positions built up after the collapse of the bilateral "framework" talks on Japanese Government procurement over the weekend.

The dealers also said the market shifted its attention to the sharply widening gaps between Japanese and U.S. interest rates, and economic strength.

Takemura said he remains worried about the effects of the yen's rise on the Japanese economy which has just started to show "spreading bright spots."

"We will continue carefully watching the currency trend," he noted.

Survey on Business, Economic Outlook Released

OW3007022194 Tokyo NINON KEIZAI SHIMBUN in Japanese 29 Jul 94 Morning Edition p 5

[Text] The Economic Planning Agency [EPA], which conducted a survey on 1 June of 4,537 medium-sized and major enterprises capitalized at more than 100 million yen about their businesses and the economic outlook, released the results of the survey on 28 July. While releasing the results, the EPA said 95.6 percent of enterprises replied. According to the results, the domestic economic indicator [DEI], which represents the ratio of business executives who "predicted economic recovery" after being deducted by the ratio of business executives who "predicted an economic downturn," has grown from the projected minus 4 for the July-September quarter to plus 21 for the October-December quarter. In this way, the survey found an increasing number of business managers expect the economy to recover during the second half of this year.

Meanwhile, the survey reveals investment in equipment and plants by all industries during the July-September quarter will drop 2.8 percent and will further drop 3.2 percent during the October-December quarter over the same periods last year. Thus, investment in equipment and plants is expected to continue to fall in the future.

Looking at results on the domestic economy, during the April-June quarter when the survey was conducted, the DEI found minus 4.10 percent of business executives surveyed predicted "economic recovery" during the July-September quarter whereas 28 percent predicted "economic recovery" during the October-December quarter. Meanwhile, 14 percent of business executives "predicted an economic downturn" during the July-September quarter whereas 7 percent "predicted an economic downturn" during the October-December quarter. In this way, nearly 30 percent of business executives surveyed anticipated the economy will recover during the October- December quarter.

The exchange rate between the yen and the U.S. dollar has fallen below 100 yen since late June and it is necessary to discount the figures covering the period before late June. The EPA, however, pointed out: "Although business executives are still somewhat wary of the future economy, they are beginning to voice expectations of an economic recovery," (according to the Research Bureau).

The domestic business indicator, which represents a figure forecasting business trends, has grown from minus 8 for the July-September quarter to plus 8 for the October-December quarter. In this way, a growing number of enterprises expected business to take a favorable turn during the second half of this year.

The business profit indicator showing the sales and ordinary profits of enterprises has grown from a minus for the July-September quarter to a plus for the October-December quarter. Thus, an increasing number of enterprises expected the economy to recover and their performances to take a favorable turn.

Looking at plans for investment in equipment and plants by industry, the manufacturing industry will increase investment by 7 percent during the July-September quarter for the first time since the second half of 1964 [as published], but the industry is expected to cut investment by 9.9 percent during the October-December quarter. The non-manufacturing industry, which will cut back on investment in equipment and plants by 6.4 percent during the July-September quarter, is expected to cut it by 0.9 percent during the October-December quarter. As a result, the non-manufacturing industry will cut investment for the third consecutive quarter. The EPA pointed out: "It cannot be said that the non-manufacturing industry is in a situation wherein its investment in equipment and plants remains stalled."

Survey Shows Corporate View of Economy Improving

OW0108122294 Tokyo KYODO in English 1212 GMT 1 Aug 94

[Text] Tokyo, Aug. 1 KYODO—Corporations are taking a less gloomy outlook on the domestic economy thanks to strong sales of air conditioners and summer clothing because of hot weather, according to a survey released Monday by the Japan Chamber of Commerce and Industry (Nissho).

July's diffusion index, which represents a percentage excess of those observing favorable business conditions over those pessimistic compared with the same month of last year, stood at minus 22.5, improved from the previous month by 10.5 points.

It was the 40th consecutive month for the index to be on the minus side since April 1991. Nissho conducted the survey on 2,299 companies and industry unions.

The survey showed retail and service industries were concerned about the growing trend among consumers for low prices, but they are hopeful about the effect of the government's income tax reduction.

The manufacturing sector, meanwhile, was more guarded about the prospects of an economic pickup due to their weak investment and the yen's rise.

As for their views on the economy three months ahead, the diffusion index stood at minus 10.4, much better than the minus 28.0 posted in July last year, according to the survey.

Ichihara: KDD Considers Rate Cuts

942A0507A Tokyo NIKKEI SANGYO SHIMBUN in Japanese 22 Jul 94 p 6

[Text] Kokusai Denshin Denwa (KDD) President Hiroshi Ichihara announced at his regular press conference on 21 July, "We will consider rate hikes based on international competitiveness, separate from foreign exchange factors," indicating an approach whereby it would review its rate structure on a priority basis relative to differentials in comparison to overseas communications carriers. This is the first time that the KDD president spoke of rate cuts in response to international competitiveness. In the past, rate cuts were in fact implemented to compete with domestic carriers, but the announcement on 21 July seems to reflect the fear that foreign communications firms will accelerate their entry into the Japanese market in response to deregulation.

In response to stepped up calls for rebate of profits from international calls caused by the value of the dollar falling through the 100-yen level, he stated that there will be no rate cuts to reflect increased profits from a stronger yen, commenting, "We will not effect an immediate rate cut because the yen has risen in value. We need to examine foreign exchange rate changes based on a six-month to 12-month perspective."

However, aside from rebates associated with increased profits resulting from changes in foreign exchange rates, he said he would consider rate cuts with a view to correcting foreign and domestic rate differentials, saying, "There is a need to effect timely rate cuts in connection with rate cuts by competitors (overseas carriers)."

Further, Managing Director Takeo Yamaguchi explained KDD's increased profits asrising from a stronger yen, saying, "The amount of increased profits based on a strong yen varies, because payments to overseas carriers are greater than (receipts). Since settlements involve the use of SDR's (IMF special drawing rights), they are not directly linked to the value of the dollar."

Kansai Airport Head Foresees Loss in 1st Year

OW0208135694 Tokyo KYODO in English 1329 GMT 2 Aug 94

[Text] Osaka, Aug 2 KYODO—The president of Kansai International Airport Co. on Tuesday [2 August] predicted an annualized pretax loss of more than 50 billion yen during the half year following the airport's opening Sept. 4.

Tsuneharu Hattori said in a lecture at an Osaka hotel that the expected 300-plus international flights a week to and from the airport during the period were short of half the targeted number.

Hattori estimated the airport's annualized outlay on the maintenance of airport facilities at 160 billion yen, and landing fees and other revenues at a 100 billion yen level.

Those estimates are based on 50 international flights and 70 domestic flights a day and a still-to-be-finalized landing fee of 2,520 yen per ton for international flights, 5 percent higher than at Narita airport, he explained.

BOT Arranges New Financing for PEMEX

942A0495A Tokyo NIHON KINYU SHIMBUN in Japanese 25 Jul 94 p 1

[Text] The Bank of Tokyo [BOT] has embarked on new services, establishing a new credit line method for the

Mexico state-operated petroleum corporation (PEMEX) in which financing is possible without amassing bad debt reserves. It has established a limit of a total of $50 million with the condition that the loan balance at the end of the term be zero; it is a method whereby PEMEX can borrow working capital any time during the term. Loans for the old cumulative debt nations of Latin America have been subject to a "special foreign debt allowance" where a set reserve must be amassed, and new financing by a Japanese bank alone virtually has been impossible. Japanese banks have explored opportunities for new financing because Mexican credibility has been restored by economic reform. It seems that the new method will become an opportunity to expand service.

BOT has established for PEMEX a loan limit for a term of one year. PEMEX is the core of the Mexican petroleum business and a huge amount of working capital has become necessary because of the date discrepancy between monthly payments to the government such as corporate tax and the crude oil sales income. PEMEX pays the necessary capital during the month using the loan limit. This is the first time for a Japanese bank to establish this method of a loan limit.

Mexico converted debts to private banks to securities based on a new debt strategy (Brady proposal) and settled the cumulative debt problem in 1990. However, Japanese banks still must raise, subject to taxation, a reserve of 35 percent of the loan balance because the five-year period from the last repayment schedule remains for countries subject to a "special foreign debt reserve" under the regulations of Japanese national tax authorities. For this reason, going below cost cannot be avoided for financing until the end of March 1995, when prospects are for the nation to be dropped from the target countries.

In the loan limit established by BOT, there is no need to accumulate a reserve since the balance at the end of March and end of September is zero. The capital actually used is very short-term and the profit margin is comparatively thin, but a fee for establishing the limit is obtained. As groundwork for future expansion of services, it is also is seen to be aimed at strengthening transactions with PEMEX.

At the end of 1992, BOT executed the first participation loan for PEMEX in 10 years since the occurrence of the Mexican debt crisis in 1982. This time it was a method whereby Ministry of International Trade and Industry [MITI] foreign investment insurance bears the risk. Since services for the major countries of Latin America which have reduced their cumulative debt besides Mexico, such as Venezuela, Chile, and Argentina, all have "special foreign debt reserves," participation loans and guarantees with the U.S. and Japanese import-export banks and international financial institutions have been necessary for Japanese banks to make new financing.

However, there are many large, strong firms with a demand for capital in Mexico and Venezuela, which have proceeded with economic reform. It seems that a move has appeared among Japanese banks to broaden services with a new method before the time limit for removing them from the special foreign debt reserve target countries.

Government To Scrap Food Control Law

OW2907142694 Tokyo KYODO in English 1326 GMT 29 Jul 94

[Text] Tokyo, July 29 KYODO—The government plans to scrap the Food Control Law and replace it with a less rigid system, Farm Ministry officials said Friday [29 July].

The end of the 52-year-old law, along with the partial opening of the Japanese market to foreign rice from next year, will mark a turning point in the country's policy for rice, its staple grain.

A new bill, to be submitted to this fall's extraordinary session of the Diet, will basically promise free production and sales of rice except for times of emergency, the officials at the Ministry of Agriculture, Forestry and Fisheries said.

Rice farmers will be able to grow as much rice as they like and no longer be forced to reduce their rice-planting acreage in line with government plans.

The government will continue to seek to manage rice acreages but only with subsidies and other indirect ways.

The bill, which will be put into effect starting next April if it passes the Diet, will also allow rice farmers to market their produce more freely and introduce more of the market forces to determine rice prices.

Under the new system, would-be wholesalers and retailers of rice will only have to submit applications. Currently, the government licenses rice sellers.

The government's role will be limited to keeping stockpiles of about 1.5 million tons jointly with the National Federation of Agricultural Cooperative Associations (Zenno).

The reserves—500,000 tons by the government and 1 million tons by Zenno—would be released in the event of a rice shortage like last year's, when a cool and wet summer devastated rice crops.

Other details of the new system will be drawn up after the Agricultural Administration Council, an advisory body to the prime minister, submits a report on the future of Japan's agriculture and food control system in mid-August.

Ministry sources said the ministry originally planned to leave intact the key framework of the current food control system and allow only partial deregulation on rice production and marketing.

But the panic hoarding of rice earlier this year, resulting from the supply shortfalls, and the growing black market in rice have combined to fan public distrust of the state control on rice, prompting the policy switch.

The ministry sources said the Central Union of Agricultural Cooperatives and other farm groups will oppose the ministry's policy shift, but their objections will be overridden by growing calls for a freer system in the new three-party coalition government.

Team Formed To Build Up Information Facilities

OW0208050794 Tokyo KYODO in English 0451 GMT 2 Aug 94

[Text] Tokyo, Aug. 2 KYODO—The government on Tuesday decided to set up a ministerial task force to study ways to strengthen the nation's information and telecommunications facilities, officials said.

The tentatively named Advanced Information and Telecommunications Headquarters will be headed by Prime Minister Tomiichi Murayama and Vice Chaired by Kozo Igarashi, chief cabinet secretary, Shun Oide, minister of posts and telecommunications, and Ryutaro Hashimoto, minister of international trade and industry. The officials said details have not yet been decided, including the schedule for the first meeting.

MITI To Boost Domestic Oil, Gas Production

942A0478A Tokyo NIHON KEIZAI SHIMBUN in Japanese 14 Jul 94 p 5

[Text] The Agency of Natural Resources and Energy, Ministry of International Trade and Industry [MITI], has put together it eighth five-year plan (fiscal 1995 - fiscal 1999) for domestic oil and natural gas development. It establishes 22 prospective development areas such as Hokkaido and Niigata, and promotes the development of domestic resources. The plan projects an increase by fiscal 1999 when the plan ends of about 30 percent or 3.3 million kiloliters in the annual production of oil and natural gas.

Designated as development areas for prospective development are 12 sea areas such as off Tsushima (off Nagasaki Prefecture), off Sanriku (off Iwate Prefecture), and off Boso (off Chiba Prefecture), and 10 inland areas such as Mt. Azuma (Niigata Prefecture) and Yubari (Hokkaido). It will promote seismic exploration and mining operations to explore underground resources by creating seismic tremors using dynamite.

The amount of domestic oil and natural gas production in fiscal 1993 was 2.59 million kiloliters. The breakdown was 900,000 kiloliters for oil and 1.69 million kiloliters for natural gas. About 35.17 million kiloliters total oil and natural gas underground deposits have been confirmed. MITI sees "the possibility that there about 1.35 billion kiloliters in domestic underground deposits," and, through its five-year plan, it will confirm the amount of underground deposits and urge development by private business.

Japan's self-sufficiency rate for primary energy is about 17 percent. MITI has established medium-term resource development plans since 1954 and is promoting the investigation and development of domestic resources.

JFTC Critical of Petroleum Price Increases

942A0494A Tokyo NIHON KEIZAI SHIMBUN in Japanese 21 Jul 94 p 15

[Text] The Petroleum Association of Japan (Yasuoki Tateuchi, chairman) revealed on 20 July that it had delivered a letter explaining the background of the price increases to Chairman Koichiro Ejiri of the Japan Foreign Trade Council [JFTC] which has criticized the move to boost wholesale prices of petroleum products such as gasoline. The purpose of the letter was to seek the understanding of the JFTC that the measures were caused by the big influence of high-priced crude oil cause by the high yen and is not a protest demanding retraction of the JFTC statement. Strong opposition to the statement by Chairman Ejiri has arisen within the petroleum industry, but it seems that it falls short of coming out with a hardline attitude given that the foreign and domestic price difference on gasoline has been pointed out.

The statement by Chairman Ejiri came out after a directors' meeting of the Foreign Trade Council on 14 July and the details were that "If they don't kill the trend in price increases at this time (of the high yen)...." Executives of the petroleum industry, including Chairman Tateuchi, were uniformly opposed to this and argued back that "It is intolerable to disregard the record where wholesale prices have come down in situations where there is a drop in crude oil prices."

Entrusted with a letter in the name of Chairman Tateuchi, Senior Director Isamu Noto of the Petroleum Association of Japan visited Senior Director Mikio Kojima. Senior Director Noto explained, "It does not seek a retraction of the statement. It will be fine if they do not repeat it again."

JGC Compiles Refining Process Forecast

942A0479A Tokyo NIKKEI SANGYO SHIMBUN in Japanese 14 Jul 94 p 2

[Text] JGC has been commissioned by the Petroleum Energy Center to forecast Japanese energy trends in 2050, and as an engineering company, has compiled a proposal for the next-generation refinery. The use of petroleum energy has been reduced due to the jump in crude oil prices and environmental regulations. The analysis is that plant manufacturing processes will be diverse in a period when new energy resources as well as natural gas synthesis and coal gasification can compete as substitutes for petroleum. Specifically, JGC has proposed four kinds of new generation refineries such as hydrocracking refineries where the gasoline yield rate is maximized or facilities where power generation by the petroleum plant itself is possible.

The survey is entitled, "REF (Refinery Engineering for the Future) 21," and it simulates about 100 changes in socioeconomic factors such as population and amount of energy consumption centering on 15 young midlevel employees in their thirties.

The GDP (gross domestic product) real growth rate will proceed with a low growth of 2.4 percent per year until 2010 and at 1.3 percent thereafter until 2050. The demand for energy will increase 1.6 times the present by 2050. On the other hand, crude oil prices are estimated to rise to $33 a barrel in 2010 and $50 a barrel in 2050 because of a supply shortage. The use of petroleum will drop to two-thirds of the present because of the strengthening of environmental regulations on CO_2 (carbon dioxide), NOx (nitrogen oxide), and SOx (sulfur oxide).

For this reason, substitute energy will be utilized with solar batteries in the early 2000's, liquid fuel by natural gas synthesis around 2010, and coal gasification in the 2030's; it is estimated that they will account for about 12.3 percent of the energy supply in 2050.

The engineering industry also will respond to these changes in the energy balance and design of comprehensive energy plants will be sought, such as advanced use of natural gas synthetic crude oil manufacturing processes, carbon gas power generation, garbage incineration, and plant surplus heat. Moreover, new technology developments will advance, such as bio-desulfurization, in which bacteria eat the sulfur.

JGC has as the basic concept of future plant design the four refining processes of a high gasoline yield type refinery, a chemical type refinery that efficiently produces petrochemical materials with high value added, a power generation type refinery which directly generates power with heavy oil with an eye toward relaxation of electric power industry regulations and increased demand, and a flexible type refinery which jointly establishes light oil processing and power generation facilities for selling electricity.

Fujitsu To Boost Semiconductor Investment

942A0504A Tokyo YOMIURI SHIMBUN in Japanese 23 Jul 94 p 6

[Text] Fujitsu announced a plan on 22 July to invest 80 billion yen over a three-year period up through fiscal 1996 to expand the semiconductor production line centering on memory. Backed by the worldwide supply shortage of memory semiconductors, the company's semiconductor plant is continuing full operation and giving up summer vacations, but since it anticipates high demand in the future also, it has decided to expand production facilities.

According to the plan, Fujitsu will invest 50 billion yen over three years in the Iwate plant (Kanegasaki-cho, Iwate Prefecture) which is its memory semiconductor production base, and it will expand the lines dedicated to 16 megabit DRAM [dynamic random-access memory] for which demand is increasing rapidly. The plan is for production capability of 16 megabit DRAM of 5 million units per month, 10 times the present (500,000 units), at the end of fiscal 1996 when the new line is fully operational.

Furthermore, it will invest 30 billion yen over a three-year period in the Aizu Wakamatsu plant (Aizu Wakamatsu City, Fukushima Prefecture) and build a production line for ASIC (application-specific integrated circuit). Along with these investment plans, the company will revise upward the amount of this fiscal year's semiconductor facilities investment from the initially scheduled 100 billion yen to 180 billion yen.

Other manufacturers have been active in the strengthening of semiconductor facilities. NEC is considering revising upward the amount scheduled for investment this fiscal year (90 billion yen) to the 100 billion yen level in addition to moving up to this year the facilities buildup plan scheduled for next fiscal year at plants in England and the United States.

Farm Ministry To Set Up People's Food Council

OW0308105594 Tokyo KYODO in English 1027 GMT 3 Aug 94

[Text] Tokyo, Aug. 3 KYODO—The Agriculture Ministry is considering establishing a council next spring to hear public opinion on Japan's farming future, ministry officials said Wednesday [3 Aug].

Farmers are expected to face an increasingly difficult environment with the partial opening of the rice market to imports next April, and the ministry's move reflects its wish to take public opinion into account.

Tentatively called the "People's Food and Agriculture Council," the new panel will invite economists, and representatives from producer and consumer groups to convey their views on vital issues such as a review of the law for orientation of agriculture.

"For issues that are deeply connected with farming policies, we need discussions among the public in addition to talks in the Agriculture Policy Council," said an official at the Ministry of Agriculture, Forestry and Fisheries.

The council, the ministry's advisory panel, endorsed Tuesday its chairman's proposal to set up a new rice control system and to strengthen the farming industry, but it has yet to make decisions on long-term policies such as the review of the law.

ANRE To Review Utility Rates, Regulations

942A0475A Tokyo NIHON KEIZAI SHIMBUN in Japanese 9 Jul 94 p 5

[Text] The Agency of Natural Resources and Energy [ANRE], Ministry of International Trade and Industry

[MITI], held a meeting of the Advisory Committee for Energy (advisory panel to minister of International Trade and Industry) on 8 July and decided on a policy to partially review the electricity and gas rate system. Along with the relaxation of regulations for entry into the electric power and gas industries, it will study the rate system for electricity and gas sold by newly participating firms. ANRE will hold discussion meetings on electricity and gas respectively in September and begin study. At the earliest, the policy is to reach a conclusion within the year.

The Rate System Subcommittee of the Electricity Utility Industry Council and the Municipal Heat Energy Subcommittee of the Advisory Committee for Energy will study the rate system. The Gas Enterprises Act, which relaxed entry regulations for entry by large enterprises in the gas field, will be revised, and a study will be made on the rate structure for newly entering firms in order to decide on a policy for relaxation of regulations in electric power also.

In electric power, ANRE is deciding on introduction of a bidding system for enterprises where firms will sell (wholesale) self-generated electric power to electric power companies, will decide on specific measures for bidding methods, and will also decide on approval criteria for "retail" rates where it is sold directly to the consumer. In gas, ANRE will study methods for establishing large-lot gas rates.

MITI's ANRE is also proceeding with discussion on consignment rates in a plan promoting the introduction of a "consignment" system in which newly entering firms distribute supplies by using the transmission cables and gas pipes that existing electric power and gas companies have.

MITI's policy is to revise related laws and government and ministry ordinances such as the Electricity Enterprises Act upon receiving the committee's report.

Electric Companies Increase Foreign Procurement

942A0476A Tokyo SANKEI SHIMBUN in Japanese 15 Jul 94 p 10

[Text] Procurement of overseas materials by electric power companies, which was criticized by the United States as a trade barrier, has expanded rapidly faced with the era of the high yen where 1 dollar equals 90 yen. On 14 July Chugoku Electric Power announced an action plan for promotion of imports. Kansai Electric Power will also greatly expand overseas procurement in its power supply division beginning this fiscal year. Using the rapidly advancing high yen for cost reductions along with responding to demands to open the market has the effect of "killing two birds with one stone," and it seems that the move toward overseas procurement will expand further.

The details of Chugoku Electric Power's "Import Action Program" are a specific listing of foreign products and promotion of purchase for 1) 83 items such as optical fiber cables that already have a purchase record, 2) 19 items such as electric wire for which the decision whether to use or not will be made this fiscal year, and 3) 36 items such as underground power supply equipment for which collection of information is planned.

The company's plan is to increase to 5 billion yen the amount of overseas materials procurement this fiscal year, for which 4 billion yen initially had been scheduled. The ratio of imports in the total amount of materials procurement will be about 2 percent.

Moreover, this fiscal year Kansai Electric Power will greatly increase overseas procurement by its power supply division which was on the level of 150 million yen last year. It will increase all at once to about 2 billion yen purchases related to overall power supply, also calling upon related companies. Specifically, it will purchase about 20 items from about 20 companies, such as low-voltage insulated wire from a U.S. company and low-voltage CV [capacitance voltage] cable from a Canadian firm.

The company dispatched employees to the United States in April this year and judged that there would be a cost reduction if it expanded purchases. The company figures that "(the entry of foreign firms) will spur price competition by domestic manufacturers, and a reduction of procurement costs overall can be expected" (Director Kiyoharu Ueyama).

On the other hand, the largest firm, Tokyo Electric Power, considers that "aggressive procurement of the good and cheap has been done for some time," and it is not working out a new purchase plan. However, Tokyo Electric Power considers that it is "broadening the target of foreign firms and collecting information on foreign companies individually," such as dispatching materials procurement missions to Southeast Asia and China in July and thereafter.

The U.S. Trade Representative (USTR) pointed out in the "1994 Annual Report on Foreign Trade Barriers" published in March that materials procurement by electric power companies was equivalent to a trade barrier.

Showa Denko To Reduce Annual LDPE Production

942A0477A Tokyo NIKKEI SANGYO SHIMBUN in Japanese 18 Jul 94 p 16

[Text] Showa Denko has shut down a series of low-density polyethylene (LDPE) facilities with a production capability of 25,000 tons annually at its Oita complex. It is a measure based on the reciprocal production consignment contract for polyethylene concluded with Asahi Chemical Industry last year. In the future, Asahi Chemical will contract for LDPE shortages. The affected personnel at the shutdown facilities have been assigned to technical guidance at the petrochemical complex under construction in Indonesia in which the company has made some investment. Asahi Chemical has already abandoned linear low-density polyethylene (LLDPE) facilities and the reciprocal production consignment system entered the implementation stage with this.

The series of facilities recently shut down by Showa Denko are ones that were completed in 1969 of the three series of facilities manufacturing low density polyethylene by the high pressure method. As a result, the company's actual LDPE production capability will be 98,000 tons.

Shortages due to the shutdown will hereafter be produced by Asahi Chemical's Mizushima plant and will be shipped from that plant under the Showa Denko brand. The amount of production consigned will be 20,000 tons annually, combined with the high-density polyethylene (HDPE) which also has been partially consigned to Asahi Chemical; product type integration has proceeded thus far at both companies since the tie-up last fall.

As regards the LLDPE, production of which Asahi Chemical has consigned to Showa Denko, in March Asahi Chemical already shut down facilities with annual production of 40,000 tons, and currently 20,000 tons produced annually at Showa Denko is being shipped under the Asahi Chemical brand.

Moreover, some of the personnel who operated the recently closed facilities are in charge of technical guidance at the petrochemical complex being constructed by the Chandora Asuri Company in Ciregon, West Jawa Province, Indonesia, with the aim to be in operation next summer.

This complex is the largest in scale in Asia with an annual ethylene production of 510,000 tons, and the HDPE plant, which has a production capability of 100,000 tons of the products introduced, is being builst with Showa Denko technology.

Language Said To Be Cause of Price Differentials

942A0405A Tokyo EKONOMISUTO in Japanese 7 Jun 94 pp 64-68

[Article by Toru Azumi, Ministry Posts & Telecommunications Research Institute: "Japanese Language Causes Domestic-Foreign Price Differential; 'Documentation Revolution' by Word Processor Will Resolve the Problem"]

[Text] *Why do Japanese firms emphasize face-to-face communication in the conduct of business? This emphasis leads to what appears to be the closed nature of Japanese markets from the perspective of foreigners as well as domestic-foreign price differentials. There is a need for systems reform to encompass a documentation revolution using the word processor and common access to information.*

Situation Concerning Domestic-Foreign Price Differential

Domestic-foreign price differentials have become a topic of controversy in relation to the trade surplus. Domestic-foreign price differentials cover a variety of situations, and a broad definition covers price levels as a whole, but narrowly defined, it refers to differences in domestic and foreign prices of an identical product which can be freely imported and exported. Domestic-foreign price differentials exist with a broad spectrum of imported products. The continued recording of trade surpluses annually exceeding $100 billion casts a shadow in terms of the inability of the Japanese to enjoy affluence because of domestic-foreign price differentials and in terms of foreigners viewing domestic-foreign price differentials as evidence of the closed nature of the Japanese markets. The question is, why do domestic-foreign price differentials of this nature exist?

This article will discuss the fact that the "Japanese language" is the foremost factor influencing the domestic-foreign price differential, that the "documentation revolution" in the Japanese language occasioned by the word processor, whose use is rapidly spreading, can be used to resolve the domestic-foreign price differential issue, and that a system reform is required in this connection.

The Ministry of International Trade and Industry (MITI) issued a report in June 1993 entitled "Domestic and Foreign Prices" that published data from a price survey conducted in six principal cities in Japan, the United States, and Europe; it covered 64 principal consumer items and 137 different brands. According to the report, imports of brand merchandise from the United States are generally priced higher in Japan than they are in the United States and certain brand items such as hand lotion, spark plugs, and tennis balls were priced more than 60 percent higher. Furthermore, imported brand items from Europe were inclined to be priced higher in Japan than in both Europe and the United States, and items such as lip stick, fragrances, spark plugs, men's suits, jeans, and ceramics were more than 60 percent higher in Japan.

Domestic-foreign price differentials of imported goods are not predicated on differences in production costs such as in the case of non-imported items like rice nor on foreign exchange rates for services such as a haircut which has nothing to do with buying power but is a reflection of market mechanisms and purely a matter of distribution. Mention is made of differences in certification standards, inspections, packaging and specifications as well as distribution costs such as warehousing, small-lot frequent deliveries, while a variety of detailed cost comparisons indicate it is difficult to arrive at rational cost computations and the conclusion is normally reached that it is impossible to arrive at a sensible cost accounting.

Emphasis of Face-to-Face Communication

However, since domestic-foreign price differentials are considered a phenomenon peculiar to the Japanese economy, I believe an appropriate starting point for this discussion would be to assume that the greatest cause lies with Japanese-style systems. In this connection, distribution transactions take the peculiar form of long-term continual relations of trust based on "face-to-face communications."

Many commercial negotiations take this costly form, despite the development of the telephone, not because of the vague reason that face-to-face communications are required to convey detailed information. Such an excuse cannot be used to justify the high costs of face-to-face communications in terms of economic logic. A function which cannot be covered over the telephone, but which can be covered in a face-to-face communication can be broadly defined as a group discussion. Thus, the following two points can be cited as the primary reasons for holding commercial negotiations in the face-to-face format.

1. Decisions within a firm in connection with commercial negotiations are based on the group decision procedure.

2. There is a need to standardize group participation through face-to-face communications as a means of augmenting deficiencies in written contracts which are prepared as a result of the foregoing decisions.

If we were to summarize these points, it would be, "common access to contract information by a large group." Decisions become an organizational asset when the information's availability expands from the individual to the majority. The telephone is a superior means for simple conveyance of information, but it is an imperfect means for making information available to the majority, while it also is not suitable as a means for making collective group decisions and as a means for establishing commercial customs.

On the other hand, the custom of face-to-face communication is also seen in employment procedures. Employment contracts are normally not issued, but relationships of trust based on face-to-face communications become "silent contracts" providing for seniority-based pay and lifetime employment emanating from long-term continuous relationships.

Under such employment relationships, common access to information through face-to-face communication is realized through a facility peculiar to Japanese corporations which is the "large office room." A premise of commercial negotiations held or telephone conversations made in such an environment is that, to a degree, the nature of such activities will become common knowledge among those individuals who work nearby. Individual accountability becomes vague, while employee appraisals become collective and, in a way, objective.

Documentation of Information

Face-to-face communication is a very effective method for common access to contract information, but it is not the only method. Another more powerful method is the "documentation of information."

Europe and the United States are known as contract societies. Contracts between firms are normally documented in the form of a "contract document." And, business letters are used extensively to augment the contract document. Employment contracts in Europe and the United States are documented in the form of a "job description." Employee appraisals are executed by superiors by comparing job performance with the contents of the job description. Large office rooms are disliked because appraisals are not performed on a collective group basis. Injuries sustained because of an arbitrary appraisal can easily become a subject of litigation based on the job description. Since documentation of a distribution contract involves the elucidation of responsibilities outlined in the employment contract of the contracting official, the relationship between contracts for distribution and employment are inseparable.

There is no value in debating preferences between Japanese and Euro-American cultures. We should first debate why differences in culture have been created and how those differences affected the industrial and urban structure of our nation.

Differences of this nature, visualized on the basis of logical business actions, are conceivably based on differences in the cost structure for common access to information between Japanese and Euro-American cultural spheres. Manpower costs, of course, are one of the reasons. However, this factor does not provide an adequate explanation because differences in this respect exist in Europe and the United States. Thus, the main causal factor rests with "documentation costs" associated with the Japanese language. In other words, in the case of Japanese, it is extremely time-consuming to prepare documents on a Japanese typewriter, the costs of documenting transaction conditions or employment conditions (to include litigation documents that emanate from such contracts) were inordinately expensive. Because of this situation, corporations acted to avoid the preparation of contracts (and litigation actions) on all transactions. In other words, successful firms which survived were limited to those that subsequently relegated contracts to a simple, inadequate status with the premise that they be augmented through face-to-face communication.

As an example, normally, large retail stores specify prices in the basic contract, but indicate only projected quantities which are subject to change based on subsequent telephone orders as well as merchandise returns. Further, in the case of raw materials makers, quantities are specified in contracts in advance, but contract prices are adjusted after-the-fact at settlement time based on prevailing market prices. Such customs are feasible only on the basis of face-to-face communication and long-term continuous transactions. According to a survey concerning contracts in the textile industries, documented contracts went from a coverage of 15.7 percent in 1979 to 29.4 percent in 1987, but this coverage is very low compared to Europe and the United States where document contracts are routine (published in an article entitled, *Types and Characteristics of Commercial Contracts in Japan* by Hiroshi Ejiri, Volume 950 of the JURIST in 1990).

Emphasis of face-to-face communication of this nature has conceivably had a very major impact on Japanese industrial structure. As an example, the "miniaturized nature," which is a characteristic of Japanese wholesale industry is reflective of the emphasis placed on face-to-face communication in the distribution function. The principle of economies of scale can said to be entirely inapplicable in commercial negotiations held on the basis of face-to-face communications.

There is one more item that enjoys an inseparable relationship with face-to-face communication. This custom is still strongly rooted in Japan and involves settlements effected with promissory notes. As is well-known, promissory notes are written agreements between parties to a transaction for future payments. Banks discount promissory notes but do not assume risks associated with future collections, meaning that acceptance of a promissory note by a party to a transaction is synonymous with the issuance of credit. Accordingly, collections are normally made against promissory notes on a prescribed day of each month through face-to-face communication. Thus, promissory notes can be viewed as the most costly settlement means in comparison to other settlement procedures such as regular checks, but businesses nonetheless favor promissory note settlements because it enables the maintenance of keiretsu relationships through the issuance of credit.

Further, "concentration of commercial activities in Tokyo" was premised on this sort of emphasis on face-to-face communication and efforts by businesses to minimize costs as well as efforts by employees to maximize lifetime income. Costs associated with face-to-face communication in distribution functions can be reduced by business associates locating within a certain geographical area. Thus, numerous corporations locate their headquarters or operations departments in Tokyo for the purpose of forming long-term continuous relationships. On the other hand, in view of the emphasis placed on face-to-face communication in employment relations, employees make an effort to preserve face-to-face communication with managers. Concentration of commercial activities in Tokyo is further boosted, in reality, by the salaryman's "preference for assignment to headquarters" to the extent that such preference causes quantitative and qualitative distention in headquarters' personnel staffing.

Disadvantages of Japanese-Style Systems

Conclusions cannot be reached on the efficiency of economic systems purely on the basis of domestic-foreign price differentials because we must consider the costs of unemployment. However, the cost structure for common access to contract information based on face-to-face communication and documented formats is still in the process of changing based on dependence on information technologies.

In our nation, television conferencing is considered as a promising means of reducing face-to-face communication costs. This is because it is considered impractical to substitute face-to-face communication with telephone conferencing but feasible to do so with television conferencing. However, the problem is that television conferencing will reduce transportation expenses but will not reduce core manpower costs which is the highest cost factor associated with face-to-face communication.

After the 1970's in the United States, manufacturers relocated their headquarters activities, which were formerly located in New York, to other areas throughout the country. A factor which probably influenced the change was the additional drop in contract documentation costs occasioned by advances in information technology such as the electric typewriter and copy machine technology and the subsequent substitution of face-to-face communication by such technology. And, during the same period, according to Nittsu Research Center, revenues of Federal Express operating a U.S.-wide rapid document delivery system jumped from $43 million in 1975 to $7.015 billion in 1990.

The United States in recent years has been reducing documentation costs further by building decentralized information systems. The prices of work stations that represent the core of such systems have fallen dramatically and the performance of network-related software has risen significantly. Recently, talked about re-engineering of business operations has probably produced results based on such developments.

I believe it is clear as to which of the two systems; i.e., face-to-face communication and documented information, is more favorably impacted by recent system decentralization technology in the information-communication sector.

Japan's manpower costs are the highest of any nation in the world. However, there are probably those who say emphasis of face-to-face communication is a virtue of Japanese culture that we should neither lose nor discard merely because of cost. However, even in the Japanese economic history, there is a precedent in which documentation of transaction terms substituted for face-to-face communication. That is the case of the department stores.

At one time, price negotiations for transactions were conducted on a relative basis. Department stores then rejected relative negotiations with customers and began labeling items such as clothing with product prices as "fixed price" tags. Department stores sold merchandise to customers with cash at a standard price. Next, super markets came on the scene which labeled foodstuffs with "price tags" and rejected relative price negotiations. Scenes in which vegetable store operators discounted merchandise to their best customers no longer exist, but consumers have opted for fairness in pricing. Such developments have provided for common consumer access to price information and a drop in prices based on a decline in face-to-face communication. Costly face-to-face communication is now limited to product briefings where a high-value-added process is involved.

In recent days, discount stores have assumed the practice of displaying actual sales prices on electric appliances, and automotive dealers have adopted the U.S. practice of displaying minimum sales prices in an attempt to avoid fruitless price negotiations.

However, even department stores, which have effected reforms in its dealings with consumers, have continued to retain a conservative stance in relation to their suppliers and super markets have changed little in terms of customer returns. Thus, fundamental reform in this respect has come only in the area of discount stores.

Furthermore, a move towards documentation of contract information has also been initiated in the corporate economy. Some major corporations have discontinued after-the-fact price adjustments, which is a practice peculiar to the distribution keiretsu as well as the quotation (system providing for a price chart issued by the manufacturer with suggested prices for the various stages of distribution which is legal if the prices are not mandatorily enforced) and rebate (system for providing discounted pricing and rebates once volume exceeds a certain level) systems, and have taken action to standardize and clarify transactions terms in a written contract. As an example, major producers in the glass and paper industries have discontinued quotation systems, prepared basic written contracts with wholesalers, and assumed a policy to execute separate sales contracts, on a case-by-case basis, stipulating volume and price for individual transactions. Discount stores used to engage in the practice of tracking down rebates offered to other stores and negotiating for price discounts on shipments from manufacturers, but major toiletry makers have already discontinued rebates and have offset that action by assuming a policy of lowering initial prices at shipping point. Further, the leading foods and condiments maker since this April discontinued quotations and rebates which depressed revenues and profits on commercial quantity sales, and once the new policy stabilizes, it plans on extending it to sales targeted at consumer retail stores. Such an approach will make it difficult to either protect or discriminate against clients from the perspective of the keiretsu. These changes can be summarized as representing the "disclosure of transaction terms" and the "social dissemination of price information."

Establishment of Systems and Environment Urgent

Domestic-foreign price differentials are deeply rooted in the communication structure of Japanese economy. This condition prompted continued criticism in terms of unfair trade practices and a closed and peculiar society. However, no matter the criticism, there was nothing that could be changed as long as it pertained to the cultural peculiarities of the Japanese language. And, no matter the degree of controversy stirred on the domestic-foreign price issue, we had no choice but to tolerate low productivity, high costs, lack of economic features of scale, and face-to-face communications.

The universal use of the word processor has brought a complete change at least in the cost structure for hardware. In fact, the current problem rests with lagging progress in the broadly defined area of software in terms of inadequate systems and policies for documenting information and making it broadly available on a social basis. Accordingly, Japan faces an urgent need to establish systems and the environment discussed below.

1. **Principle of Disclosing Contract Terms** There are no consumers who feel that supermarkets which display prices are unfair. One of the foremost characteristics of distribution transactions in Japan is the widespread existence of undisclosed rebates in the form of primary discount methods. The United States where price discrimination is basically prohibited regulates rebates rigidly and even in Europe where rebates are recognized, rules require that they are offered on a publicly disclosed basis. Undisclosed transaction terms are virtually synonymous with unfair trade practices, and there is a need for orderly enforcement of antimonopoly laws from that perspective.

2. **Increase in Attorneys** Japanese corporations are characterized by frequent intracorporate conferences and the fact that documents are prepared mostly for internal corporate consumption and provide for vague dissemination of responsibilities. As long as there is an absence of legal firms to back up corporations, use of the word processor to prepare contract documents will be difficult. Avoidance of documentation for contracts and of litigation will cost corporations in the form of extortion, blackmailing, failure to preserve legal rights, and out-of-court settlements. Since disputes arise in almost all societies, it is entirely correct when some sources point to necessary evils in Japanese society such as land price manipulators, shareholder meeting rabble-rousers, and black market transactions. However, in today's society where the cost structure has changed completely, we should probably make one more review of the true social costs of such practices. Lengthy court trials obstruct the use of contracts, and while the United States may have an excessive number of attorneys, Japan clearly has a shortage of attorneys, and that condition has caused an excessively high attorney fee structure.

In any event, the documentary revolution occasioned by the word processor is expected to change Japan's economic society through cost reductions taking place by lower documentation costs. In a society where "prices" are established on the basis of documentation, valuable face-to-face communication will probably be used for more creative and pleasurable pursuits. Japan should not only seek to follow the example set by Europe and the United States but pursue establishment of an open society in an affirmative way so as to serve as an example to the Asian nations with which Japan is now establishing stronger ties.

Continuing Reportage on Trade Talks With U.S.

Finance Official Reassigned for Talks

OW0208141894 Tokyo KYODO in English 1403 GMT 2 Aug 94

[Text] Tokyo, Aug 2 KYODO—The Finance Ministry reappointed an official to his former bureau Tuesday in the hope that his past experience in the Japan-U.S. "Framework" trade talks will help break the current deadlock in negotiations, ministry officials said.

In an unusual move, Eisuke Sakakibara, head of the ministry's Institute of Fiscal and Monetary Policy, and former vice chief of the International Finance Bureau, was concurrently assigned to the bureau.

Sakakibara previously headed a Japanese team of negotiators in the insurance sector—one of the priority areas in the bilateral trade talks—and is known to have a close relationship with his U.S. counterparts.

Since the insurance talks that took place in Washington before the Naples summit of seven major economic powers in early July, the negotiations have been held on an unofficial level only.

Sakakibara has been head of the institute since July 13.

Source Calls for U.S. 'Concessions'

OW0308042094 Tokyo KYODO in English 0407 GMT 3 Aug 94

[Text] Tokyo, Aug. 3 KYODO—A senior Foreign Ministry official briefed Prime Minister Tomiichi Murayama on Wednesday [3 August] on the collapse of the subcabinet-level Japan-U.S. "framework" trade talks on Japanese Government procurement late last month, government officials said.

Sadayuki Hayashi, deputy foreign minister for economic affairs and the Japanese representative to the talks, called on Murayama at the prime minister's official residence for the briefing.

The officials said Murayama told Hayashi to work for a settlement of the talks without giving up the principles of free trade.

A government source, who was present at the briefing, later indicated to reporters that it is now up to the United States to make concessions on the issue of "objective criteria" for measuring the progress of the opening of Japanese markets.

The subcabinet-level negotiators had failed to agree on that issue.

Murayama Pledges 'Concerted Effort'

OW0308064494 Tokyo KYODO in English 0614 GMT 3 Aug 94

[Excerpt] Tokyo, Aug. 3 KYODO—Prime Minister Tomiichi Murayama voiced hope Wednesday the United States will not carry out threats to impose trade sanctions against Japan over what it sees as market barriers.

The subcabinet-level "framework" trade talks on Japanese Government procurement collapsed last Saturday over the issue of "objective criteria," which the U.S. wants introduced to measure progress in the openness of Japan's markets.

Washington said earlier this week it might impose sanctions if no progress is made by the end of September.

"I don't think this means sanctions. We still have two months to go and the government will make a concerted effort to reach a breakthrough," Murayama said in commenting on the longstanding bilateral trade row.

Under the "Super 301" provision of a trade law resurrected by U.S. President Bill Clinton last March, Washington can seek redress from countries deemed to engage in "unfair trade practices" under the threat of sanctions. [passage omitted]

Political Leadership in Talks Urged

OW0308084594 Tokyo MAINICHI SHIMBUN in Japanese 2 Aug 94 Morning Edition p 5

[Editorial: "Incompetence of Negotiators was the Problem"]

[Text] The Japan-U.S. Economic Framework Talks on government procurement have ended in impasse. The U.S. Government has set in motion procedures to impose sanctions under the Omnibus Trade Act's provisions on government procurement.

There is still a negotiating period of 60 days before the actual imposition of sanctions. Since the gap between the two sides on their points of contention has narrowed considerably, expectations are high that a solution can be reached in time.

U.S. President Bill Clinton had earlier revived the Super 301 provision (on sanctions against countries guilty of unfair trade practices) of the Omnibus Trade Act, and the deadline for determining whether sanctions should be imposed on Japan was set as the end of September. This coincides with the time limit for government procurement negotiations. As a result, Japan will be hard pressed to resolve all the pending issues in two months.

It is regrettable that the U.S. Government took the unilateral decision to prepare for sanctions. Agreement had been reached in the new multilateral trade negotiations (the Uruguay Round); the World Trade Organization (WTO) is set to be launched in January 1995; and settlement of trade disputes under new international rules will be attempted. Unilateral sanctions going against such an international trend are ill-advised, and such action will only damage the United States' credibility.

However, Japan, for its part, cannot claim it has tried hard enough to reduce the frustrations accumulating in the U.S. administration and Congress. The United States is now deeply skeptical of the Japanese political authorities, as well as Japanese bureaucrats.

Since the breakdown of the Japan-U.S. summit talks last February, negotiations between the two countries have been alternately characterized by a curious tranquility and discontent. Consequently, both sides gradually lost their confidence in solving problems, and, in fact, the negotiators in charge have shown diminishing abilities.

The United States deferred a conclusion on the framework talks at the meeting of leaders of advanced nations (the Naples Summit) last month because if a time limit had been set, as happened at the summit talks in February, unsuccessful negotiations might have damage President Clinton's reputation.

Japan-U.S. relations are wide-ranging and intensive. This bilateral relationship is most important for both countries. However, a deterioration in trading relations between two countries may affect relations in other areas.

Prime Minister Tomiichi Murayama has to exercise his leadership. The government and the ruling parties should set up a control center for negotiations with the United States. Negotiations should not be left to the bureaucrats. A political agreement has to be reached.

One reason why the recent round of negotiations on government procurement ended in failure is because the United States was still obsessed with "objective criteria," while Japan strongly rejects managed trade.

The United States is highly competitive in the telecommunications and medical equipment sectors, and the market share of U.S. products in advanced nations is quite high. In comparison, their market share in Japan is low. The United States, therefore, demands the sales volume of foreign products and opportunities for market participation be expanded.

If these "objective criteria" are merely goals for further efforts, and Japan will not be subject to sanctions if such goals are not reached, it should be prepared to make some commitments. A flexible negotiating position is required of Japan. However, when negotiations are left to bureaucrats, compromise becomes difficult. A political decision will have to be made, with politicians taking the responsibility for the consequences, if the way is to be opened for a comprehensive solution.

In the recent case, the results of negotiations have immediately affected the foreign exchange market, with the dollar depreciating and the yen growing stronger. If appreciation of the yen advances any further, it would be detrimental to the economy, which has started to show signs of recovery. The possibility of the situation leading to a dollar crisis also cannot be discounted.

A comprehensive judgment is needed not only with regard to foreign exchange, but also with regard to Japan-U.S. negotiations as a whole. There is a danger that refusal to compromise on details may have serious consequences on the economies of both countries, and on the overall Japan-U.S. relationship.

The U.S. Congress, bracing for forthcoming by-elections, is expected to take an increasingly tough attitude toward Japan. Time is running out. It is time to think seriously about a comprehensive deal with the United States.

Article Views Fate of Talks

OW0208191594 Tokyo NIHON KEIZAI SHIMBUN in Japanese 1 Aug 94 Morning Edition p 3

[Article by correspondent Shigeru Komako: "The Framework Talks Bogged Down—Negotiations on Government Procurement Broken Off"]

[Text] Washington, 31 Jul—A queer situation is being created wherein Japan and the United States cannot break off the Japan-U.S. economic framework talks even if they want to do so. In response to the breaking-off of negotiations on government procurement, the U.S. Government on 31 July named Japan an unfair trading nation regarding government procurement, but expressed its intention to continue holding the negotiations after concluding that Japan also wants to continue them. Feeling the barrier of deepening mutual distrust, the two countries will choose to walk a tightrope that refrains from rushing to slap trade sanctions on each other for the time being. It is uncertain whether the two nations will reach a settlement in the framework talks by the end of September, which is the deadline the United States has imposed for possible trade sanctions against Japan in accordance with the Omnibus Trade Act. There is a great possibility that this situation will affect the yen-dollar exchange rate in the future.

Both Japanese and U.S. negotiators have expressed their distrust of each other behind the scenes of the latest negotiations, saying, "They are not eager to conclude the negotiations." As can be seen in their comments, an argument is growing among Japanese and U.S. negotiators that the two nations should break off the negotiations. They keenly feel that "the negotiations have become a philosophical debate and cannot serve to open the market and correct the trade imbalance, which were the primary objectives of the framework talks," (according to a senior official in the Ministry of International Trade and Industry).

While the United States intends to make Japan commit itself to a "significant increase" in foreign access to government procurement by setting objective criteria to measure foreign access, Japan wants to promise only "changes" in foreign access. As a result, the two nations have failed to bridge their differences in the negotiations. In the 29 July negotiations, the United States softened its stance a little by asking for a "meaningful increase" in foreign access to government procurement. No change has taken place in the confrontation between the two countries since the framework talks were broken off in February, except for the disappearance of the words "numerical targets."

As a result, the U.S. Government has announced that Japanese Government procurement practices are unfair. Japanese and U.S. officials, however, have disclosed that "the two countries reached a tacit understanding just prior to the latest negotiations on government procurement that they will continue holding the framework talks." One year has passed since the two countries began holding the framework talks. The two nations are weary of conducting the unfruitful talks, but they cannot break off the framework talks "even if they want to do so."

Explaining this, a high-ranking U.S. Government official has said, "Top leaders of Japan and the United States agreed to hold the framework talks and no one can break off the framework talks but them." Both President Clinton and Prime Minister Murayama, who are said to lack leadership, are avoiding making any decision to break off the framework talks.

Boman Cutter, assistant (in charge of the National Economic Council) to President Clinton for economic policy, has said, "We have no choice but to continue holding the framework talks." According to an internal analysis of the U.S. Government, if the United States breaks off the framework talks and slaps sector-by-sector trade sanctions against Japan in line with the assertion of hard-liners in the U.S Trade Representative Office, this would not be a help the U.S. economy. The interdependent relations between Japan and the United States are growing, and breaking-off the framework talks would have an adverse impact on the United States.

The U.S. Government takes the view that "it is a good policy to maintain pressure on Japan to respond positively to U.S. trade demands by continuing the framework talks," (according to a top executive of an American automaker). A high-ranking official in the Department of Commerce has said with a wry smile: "The yen has appreciated against the U.S. dollar as the framework talks have faced rough sailing. The appreciated yen has shaken the foundation of the keiretsu and forced the Japanese to make full-fledged imports of foreign steel products, thereby accelerating the opening of the Japanese market."

If the two countries continue holding the framework talks, the National Economic Council could, of course, keep the hard-liners from unilaterally pushing for U.S. trade demands. It can be said that the United States seems to think that reaching no agreement at the framework talks is more effective.

"The only way to bail the two nations out of this situation is for President Clinton to stop insisting on numerical targets and trade results and for the Office of the U.S. Trade Representative to change its stance on the framework talks," (says former Deputy U.S. Trade Representative Williams). For the Clinton administration, the policy of attaching importance to numerically measuring the openness of the Japanese market is a "commitment to the Democratic-controlled Congress." With midterm elections set to be held in November, it is hard for the president to abandon this commitment.

Even if Japan and the United States reach a compromise in the negotiations on government procurement by the end of September, the possibility is slim that the two nations will settle the negotiations on other sectors, including the automobile and parts sector, over which their disagreement still remains wide. The possibility is also slim that Japan will have a macroeconomic policy including a policy of continued tax cuts by the end of September.

With the top leaders of the two countries unwilling to make any decisions, it is certain that limited utility is seen in continuing the bogged-down framework talks.

Ozawa Returns From Visits to U.S., UK

OW0308081694 Tokyo KYODO in English 0754 GMT 3 Aug 94

[Text] Tokyo, Aug. 3 KYODO—Shinseito [Japan Renewal Party] Secretary General Ichiro Ozawa returned home Wednesday from his 10-day tour of the United States and Britain.

He arrived at Narita Airport Wednesday afternoon from London.

Ozawa had originally planned to return home Sunday from the U.S. but changed his schedule to visit Britain.

Taiwanese To Demonstrate Over Wartime Savings

OW0208124794 Tokyo KYODO in English 1217 GMT 2 Aug 94

[Text] Hong Kong, Aug 2 KYODO—Taiwanese demanding that the Japanese Government return their wartime savings are planning massive demonstrations at Japanese trading houses, department stores and other organizations, a Taiwanese daily reported Tuesday [2 August].

A Taiwanese group seeking the repayments has announced it will mobilize its members to unite several hundred demonstrators in protests starting Monday, the UNITED DAILY NEWS said.

The move is aimed to put pressure on Tokyo for early repayments totaling 452.4 million yen held in postal savings deposits, postal annuities and unpaid salaries.

Before and during World War II, when Japan occupied Taiwan, Japan forced Taiwanese to deposit part of their monthly salaries into postal savings accounts. The government reportedly still owes money to some 2,547,000 people.

Japan has said it intends to refund the money in fiscal 1995, starting next April, but no agreement has been reached over how much to turn over at current price levels.

The Japanese Government has proposed paying 100 times the original amounts after adjustment for inflation, while Taiwan has demanded 7,000 times the amount.

ANRE To Create APEC Cooperation Plans

942A0474A Tokyo NIHON KEIZAI SHIMBUN in Japanese 14 Jul 94 p 5

[Text] The Agency of Natural Resources and Energy [ANRE], Ministry of International Trade and Industry [MITI], will establish comprehensive cooperation plans in the energy field with the various nations of Asia within the year. This policy will be expressed at the Asia Pacific Economic Cooperation (APEC) conference to be held in November, and it will begin conferences with various countries. Oil and coal consumption is increasing rapidly in various Asian nations along with economic growth and the aim is to link this growth to international market stability for energy such as crude oil and coal by building a cooperative system for the promotion of saving energy.

MITI will establish an International Problems Subcommittee in the Advisory Committee for Energy (advisory panel to minister of International Trade and Industry) in September, and at the earliest, compile specific measures within the year. On the other hand, the APEC Energy Operations Subcommittee is also scheduled to begin specific work on the Japanese government policy statement at the APEC cabinet conference.

Cooperative plans will be established in the separate fields of oil, coal, and hydropower for each nation/region upon the exchange of information related to the various countries or regions of Asia and their energy supply and demand outlook. Specifically, the outlook is for cooperation in the design, construction, and operation of power plants and distribution bases that are highly efficient in saving energy. The application of official development assistance (ODA) will be studied for execution of each project. The idea is that it also will serve to prevent global warming by promoting technical cooperation concerned with saving energy.

According to the Organization for Economic Cooperation and Development (OECD), world primary energy consumption is forecasted to increase at an annual rate of 2.1 percent by 2010, and, as opposed to the average increase rate of 0.8 percent for the various advanced nations such as Japan and the United States, it is estimated that China and the various Southeast Asian nations will continue with an increase of 5 to 8 percent.

The consumption trend of the various Asian countries is beginning to affect the international market; for example, China is becoming a crude oil importing nation.

Mazda Considers Procuring ROK Auto Parts

942A0505A Tokyo YOMIURI SHIMBUN Evening edition in Japanese 15 Jul 94 p 2

[Text] Mazda announced on 15 July that it has begun a study on purchase of parts from Kia Auto, a South Korean auto manufacturer with whom they have a capital tie-up. With the recent rapidly rising yen, various manufacturing industry companies are strengthening moves to purchase materials and parts from overseas in order to cut costs, but this is the first time for one of the five major auto companies of Japan to purchase South Korean parts, and it is certain to influence the production strategies of other companies.

According to Mazda, the specific parts to be purchased and the scale are undetermined, but it is thinking of making it a broad target from major parts such as transmissions to mufflers and formed resin parts. In addition, Mazda is also studying the purchase of South Korean steel plate.

Foreign exchange fluctuation margins of 1 yen to the dollar produce an effect of 3 billion yen in annual earnings at Mazda. If the current level of falling below 100 yen is prolonged, it will inevitably be forced to review its plan for a surplus in the settlement of accounts for the fiscal year ending in March 1996. For this reason, it has begun to explore cost reduction measures such as cheap parts procurement.

Mazda has judged that being supplied with finished cars by OEM [original equipment manufacture] from South Korea is not suitable for the market, but it can make full use of parts.

Kia is receiving technology and supplies of major parts from Mazda such as in production for the United States of the Ford compact car "Festiva" which Mazda developed. If the supply of parts from Kia to Mazda is realized, not only will it be a measure to counter the high yen, but the cooperative relationship centered on Ford which has capital participation in both companies will be noteworthy as a new stage in development.

Military Attaches To Go to SRV, Saudi Arabia

OW0208131694 Tokyo SANKEI SHIMBUN in Japanese 29 Jul 94 Evening Edition p 1

[Text] According to several Defense Agency [DA] sources, the government decided on 29 July to send defense attaches (military attaches) to Vietnam and Saudi Arabia and to increase from one to two the number of defense attaches in China next fiscal year. Defense attaches, who belong to Japanese embassies in major countries, are in charge of collecting information on the military situation overseas. This is the first time Japan has dispatched a defense attache to Saudi Arabia. The dispatch to Vietnam is also the first since the end of the Vietnam War. Sending defense attaches to China and Vietnam will attract attention because these two countries hold important military positions in the Asia-Pacific region, where security problems have surfaced since the end of the Cold War, including the suspected development of nuclear weapons by North Korea (the DPRK) and disputes over the Spratly Islands.

The dispatch also reflects an interest in building mutual trust between these countries and Japan.

As of this fiscal year, the number of defense attaches Japan has sent to Japanese embassies in 31 major countries—including the United States, Russia, and South Korea—and to the mission to the Conference on Disarmament in Geneva, Switzerland totals 40 (20 from the Ground Self-Defense Force [GSDF] and 10 each from the Maritime Self-Defense Force [MSDF] and the Air Self-Defense Force [ASDF]).

In 1991 the DA began, with the Foreign Ministry, a review of the system of dispatching military attaches abroad to cope with changes in the international military situation following the end of the Cold War between the East and West. This fiscal year, an MSDF officer has already been dispatched to Italy, where there is a NATO (North Atlantic Treaty Organization) naval base, and a GSDF officer to the Netherlands, where there is a preparatory committee in the Hague on the Chemical Weapons Convention.

A plan to send military attaches to Vietnam, Saudi Arabia, and China forms part of this dispatch program. As early as next spring, the government will send field officers to Vietnam, Saudi Arabia, and China from the GSDF, MSDF, and ASDF, respectively.

In recent years, Vietnam has achieved great economic growth. At the same time, it has become the largest military power in Indo-China, with a ground force 700,000-strong. The country is an important ocean traffic point for Japan. Also, its relations with China continue to be strained because of disputes over a claim to the Spratly Islands, which are abundant in submarine resources.

According to a senior GSDF officer, for these reasons it has been decided that "information on the military situation [in Vietnam] is greatly needed."

The normalization of relations between Vietnam and Western and Southeast Asian countries has been promoted. The United States lifted economic sanctions on Vietnam in February. In such circumstances, the government has decided to send a defense attache to the country for the first time since the unification of North and South Vietnam in December 1975.

Meanwhile, with modernized sea and air power, China is advancing into the South China Sea. It has claimed territorial rights over the Spratly Islands, and has constructed an airfield on one of the Paracel Islands. The country has, therefore, become a potential threat to neighboring countries. According to a senior ASDF officer, China is also "the only major power which maintains a firm relationship with North Korea" as Russia loses its influence over Pyongyang.

Although defense exchanges between Japan and China have been reduced since the 1989 Tiananmen incident, the first talks between the defense authorities of both countries were held in March. Nonetheless, only one military attache has been dispatched to China. The number is small compared to the three sent to Russia and the two to South Korea. A senior DA official said the government had, therefore, concluded that "it urgently needs to increase the number to promote exchanges between uniformed officers of both countries and to build mutual trust."

According to a senior MSDF officer, the government has also decided to send a military attache to Saudi Arabia because the country is located along the Persian Gulf, a crude oil supply route to Japan, and because of the need to improve the ability to collect information on the military situation in the Middle East, which has worsened since the closure of the Japanese Embassy in Iraq after the Gulf War."

Tokyo To Send First Volunteer Group to SRV

OW0308084794 Tokyo KYODO in English 0815 GMT 3 Aug 94

[Text] Tokyo, Aug. 3 KYODO—Japan is likely to dispatch a group of Japanese volunteers to Vietnam as language instructors at Vietnamese universities, government sources said Wednesday [3 Aug].

An agreement on the dispatch of Japan overseas cooperation volunteers by the governmental Japan International Cooperation Agency (JICA) is expected to be signed when Prime Minister Tomiichi Murayama visits Hanoi later this month, the sources said.

Tokyo hopes that by promoting Japanese language studies through encouraging students of Japanese and by supporting language schools, bilateral exchanges will be enhanced, the sources said.

The dispatch is seen as promoting close relations between Japan and Vietnam as Foreign Minister Yohei Kono indicated during a meeting of the Association of Southeast Asian Nations last month.

According to the Japan Foundation, there were only 66 students studying the Japanese language at Vietnamese schools in 1990, but with increased trade with Japan, the number grew to some 3,000 by 1993.

Some 130 Japanese language instructors are teaching at 19 universities and language institutes, but Japan hopes to fan greater interest with the dispatch of the youth delegation.

A delegation was sent to Vietnam last November to study the feasibility of dispatching a youth group looking at the situation of Japanese language instruction.

Mobile Phone Companies Move Into Indonesia

942A0510A Tokyo NIKKEI SANGYO SHIMBUN in Japanese 25 Jul 94 p 3

[By Hiroaki Kanazawa in Jakarta]

[Text] Several digital cellular telephone companies are being launched in Indonesia. In July, the government-operated telegraph and telephone company Telecom initiated services on Batam Island and in September privately operated Satelindo will begin test operations in Jakarta. These businesses are being launched in connection with the adaptation by the government of the European standard known as general services mobile (GSM) communications and the licensing of three operating companies. Competition is increasing for the remaining franchise and it appears that the spread of cellular telephone services in that country will progress at a sharp pace.

Telecom has tied up with leading Swedish telecommunication equipment maker Ericsson and Germany's Siemens, and has begun services on Batam Island, located next to Singapore and the site of an industrial park. It envisions the sales of 6,000 cellular telephone units in and around the island.

Further, Satelindo, a satellite company financed by new industrial giant Bimantara Group headed by the second son of President Suharto, and Telecom will tie up with French telecommunications equipment maker Alcatel and begin test operations in Jarkarta in September.

Satelindo plans to begin full-scale services within the year. It will be capitalized at about $270 million. It plans to start with 20,000 installations and has a goal of growing to 350,000 installations in five years.

The government plans to restrict the number of operating companies to three. The schedule for bids for the third company has not been set, but several firms are already preparing bids. Of special note is that Motorola has held seminars on GSM in Jakarta and has displayed a high degree of enthusiasm for equipment orders.

Indonesia initiated analog cellular telephone services in the latter half of the 1980's and currently has 60,000 such units installed. Four private firms have made capital investments in analog systems together with the operating firm Telecom and share profits with the latter. However, some plans call for complete delegation of operating responsibilities to private firms in the future in connection with digital systems.

The Indonesian Government expects that cellular telephone installations for both digital and analog systems will reach 500,000 to 600,000 units in five years.

Bank To Finance 'Big Projects' in Russia

OW0208124494 Tokyo KYODO in English 1210 GMT 2 Aug 94

[Text] Tokyo, Aug 2 KYODO—Japanese and Russian companies are planning big projects in Russia with the backing of export credit by the Export-Import Bank of Japan, Japanese financial sources said Tuesday.

The Ex-Im Bank, a government-financed bank, can spend up to 600 million dollars in export credit to Russia.

In July, the bank decided to provide an export credit of 200 million dollars for a project to build a digital microwave radio relay system between Moscow and Khabarovsk but has yet to make a decision on the remaining 400 million yen.

According to the sources, Mitsui and Co. and Toyo Engineering Corp. are asking for 200 million dollars in export credit from the Ex-Im Bank for a planned oil refinery project in Yaroslavl, northwest of Moscow.

Marubeni Corp. and Chiyoda Corp. are requesting 150 million dollars also for an oil refinery project in Khabarovsk, the sources said.

Mitsui is also seeking 140 million dollars to help privatize an automobile manufacturing plant in Moscow, they said.

Also for privatizing a car plant in Naberezhnyye Chelny, Kanematsu Corp. and Mitsubishi Heavy Industries Ltd. are requesting 150 million dollars, while Mitsui and Hitachi Ltd. are seeking 50 million dollars to privatize an electronic oven factory in St. Petersburg.

North Korea

Existence of Political Prisoners Camp Denied

SK0308044094 Pyongyang KCNA in English 0410 GMT 3 Aug 94

["Smear Campaign Over 'Human Rights Problem' of DPRK Condemned; Statement of Korean Human Rights Study Society;"—KCNA headline]

[Text] Pyongyang, August 3 (KCNA)—The Korean Human Rights Study Society in a statement Tuesday sharply denounced the anti-North smear campaign launched by the South Korean authorities over the "human rights problem".

The statement reads in part:

The South Korean rulers, synchronising with the 46th session of the UN Subcommission on Human Rights now open in Geneva, have launched into a feverish anti-North campaign by inventing the lie that there is a "camp of political prisoners" in Sungho-ri on the outskirts of Pyongyang, the Democratic People's Republic of Korea, and Ko Sang-mun and other South Koreans "kidnapped by the North" are detained there.

This is a malicious retaliation for the unanimous denunciation of their inhuman acts by public opinion at home and abroad, the acts they committed when misfortune befell the North recently, refusing to express even condolences, and a sinister act of giving vent to their anger after exposing themselves to public disgrace in the international arena by faking up the fiction of North's "possession of nuclear bombs" through such a human derelict as Kang Myong-to.

The South Korean authorities, like a drowning man catching at a straw, came out with the "human rights problem" of our republic when the anti-North campaign over the nuclear problem to which they had desperately resorted lost steam with the resumption of the DPRK-U.S. talks and they have been driven to the wall by public opinion within and without demanding the repatriation of unconverted long-term prisoners Kim In-so and Ham Se-hwan, but they can get nothing from this.

There is no "human rights problem" in our republic either from the institutional or from the legal point of view. So there is no "camp" in our republic.

The South Korean rulers should not kickup a dust over the North's "human rights problem", but mind their own business.

The most woeful sterile land of human rights on the globe and a living hell on the earth is South Korea where those who are crying over the North's "human rights problem" have established a fascist dictatorship.

If the South Korean authorities continue resorting to the smear campaign against the North, obtrusively enough, hiding their own human rights problem, they will be held wholly responsible for the consequences arising from this.

The Korean Human Rights Study Society in the statement expresses the hope that all the international human rights organisations will pay a serious attention to the South Korean human rights problem which is in the worst state and take an appropriate step.

Statement Denounces ROK on Human Rights Issue

SK0308052794 Pyongyang KCNA in English 0506 GMT 3 Aug 94

["No Human Rights Problem in Our Republic; Statement of Korean Human Rights Study Society;"—KCNA headline]

[Text] Pyongyang, August 3 (KCNA)—The Korean Human Rights Study Society Tuesday published a statement denouncing the South Korean rulers for raising a hysteric anti-North racket by faking up the fiction that there is "a camp of political prisoners" in the northern half of Korea.

The South Korean authorities, synchronising with the 46th session of the UN Sub-commission on Human Rights now open in Geneva, have launched a feverish anti-North campaign by inventing the lies that there is "a camp of political prisoners" in Sungho-ri on the outskirts of Pyongyang, the DPRK, where Ko Sang-mun and other South Koreans "kidnapped by the North" are detained.

It must be noted that the traitor Kim Yong-sam pushed himself to the foreground and staged a drama, issuing "instructions to get Ko Sang-mun repatriated" to the ministries and agencies concerned and crying for "taking measures for the repatriation" and "building up public opinion worldwide".

This is a malicious retaliation for the unanimous denunciation of their inhuman acts by public opinion at home and abroad, the acts they committed when a misfortune befell the North recently, refusing to express even condolences, and a sinister act of giving vent to their anger after exposing themselves to public disgrace in the international arena by faking up the fiction of North's "possession of nuclear bombs" through such a human derelict as Kang Myong-to.

As is well known, there is no "human rights problem" in our republic either from the institutional or from the legal point of view. So there is no "camp" in our republic.

The anthropocentric socialist system of our style established in our republic is the most superior social system in the world under which man is held dearest and everything is fully guaranteed for an independent and creative life of the popular masses.

Under this system our people are practically guaranteed all politicl freedom and rights that man can enjoy in all the political, economic and cultural fields and lead a happy life without worries about food, clothing and housing, enjoying the benefits of free medical assistance and free education.

The essential advantages of the socio-political system established in our country have led to the firm political and ideological unity and singlehearted unity of the entire people including the workers, farmers, intellectuals, students etc. with the result that the whole country has become a harmonious large family with the leader in its center.

In Sungho-ri, the place where the South Korean authorities allege there is "a camp of political prisoners" there are industrial establishments and cooperative farms animated with creative labor and rows of modern apartment houses and rural houses overflowing with the happiness of the people. There is no "camp."

This notwithstanding, the South Korean rulers have launched a smear campaign over the fictitious "human rights problem" of the DPRK. This is the height of shamelessness reminding us of the crow which speaks ill of the white heron.

The most woeful sterile land of human rights on the globe and a living hell is South Korea where those who are crying over the North's "human rights problem" have established a fascist dictatorship.

The South Korean system itself is a fascist ruling system violating the human rights and evil laws of more than 200 kinds including the "national security law" ruthless lacerate human rights. South Korea is a graveyard of human rights.

It is South Korea which has the largest number of prisons including "camps of political prisoners" and the largest number of people thrown behind bars on charges of violating public peace, political prisoners and long-term prisoners kept in jails for 30 to more than 40 years.

It is also South Korea where fascist repressive forces including the "Security Planning Board," the "secret affairs command", the puppet prosecution and police are largest in size and most densely distributed to constantly bind the people hand and foot and where these murderous repressive tools indiscriminately arrest, brutally torture and murder not only those who advocate independence, democracy and reunification but also people who demand elementary rights to existence.

Worse still, the South Korean people are completely deprived of their independent right the life and soul of humanity, and the right to existence, with the sovereignty of the nation ruthlessly violated and obliterated, due to the puppet authorities' policy of dependence on outside forces and their flunkeyist acts.

South Korea is the worst living hell on earth where the people are handcuffed when they call for the independence of the nation, the peasants are treated as prisoners when they voice opposition to the opening of the rice market on which their lot is staked, the people who call for national reunification are suppressed at the point of the bayonet and the workers who demand wage hike are dismissed and taken to prison.

In South Korea, anyone, whether be a politician, a man of the press, a businessman or a religious believer, is not excluded from human rights repression. Everyone lives under constant surveillance and in fear of suppression.

In South Korea the "Security Planning Board [SPB]," the general headquarters of human rights suppression, stretches its tentacles of political surveillance to all the politicians, whether he belongs to ruling or opposition parties, even now when the "civilian politics" is advertised even a card of the family and social background of Kim Yong-sam, the chief executive of South Korea, is kept in a secret chamber of the "SPB".

It is only too natural that more and more South Koreans escape from the cursed barren land of human rights, feeling it suffocating and disgraceful to live in terror-ridden South Korea and come over to the northern half of the country.

As for Ko Sang-mun whom the South Korean rulers call a "man kidnapped by the North", he is one of the people who came over to the northern half of Korea when he was abroad, unable to live in South Korea, the ruins of democracy and civil rights and the barren land of human rights.

It is widely known to the world that, at a press conference right after he came over to the North, he fully exposed the miserable situation of human rights in South Korea and the anti- democracy, anti-reunification criminal acts of the South Korean rulers dependent on foreign forces and determinedly declared his severance with them.

The South Korean rulers kept mum at that time and are now belatedly crying over the "abduction" of Ko Sang-mun and his "detention in a camp". This is a ridiculous rigmarole.

The South Korean authorities, like a drowning man catching at a straw, came out with the "human rights problem" of our republic when the anti-North campaign over the nuclear problem to which they had desperately resorted lost steam with the resumption of the DPRK-U.S. talks and they have been driven to the wall by public opinion within and without demanding the repatriation of unconverted long-term prisoners Kim in so and Ham Se-hwan. But they have nothing to get from this.

The Korean Human Rights Study Society bitterly denounces the anti-North campaign of the South Korean authorities over the human rights problem, regarding it as a heinous political provocation aimed at creating confrontation and antagonism within the nation and impairing the external prestige of our republic and an anti-national criminal act of aggravating the inter-Korean relations on purpose and thus laying a new stumbling-block in the way of peace of the country and its peaceful reunification.

The harder the South Korean rulers try to attain a political aim by rigging up our "human rights problem" and peddling it in the international arena, the clearer they reveal their true color as the violator of human rights, inviting the derision and condemnation from the world people.

The South Korean rulers should not kick up a dust over the North's "problem of human rights", but mind their own business.

The "national security law" and other fascist laws against the people and repressive tools must be immediately abolished, the people be guaranteed genuine freedom and democracy and all the illegally arrested political prisoners including the long-term prisoners, and figures of various strata be set free at once in South Korea.

The South Korean rulers must not turn a deaf ear to the voices of the world people any longer, but unconditionally send Kim in so and Ham Se-hwan back to our republic.

If the South Korean authorities continue resorting to the smear campaign against the North, obtrusively enough, hiding their own human rights problem, they will be held wholly responsible for the consequences arising from this.

Availing ourselves of this opportunity, we express the hope that all the international human rights organisations will pay a serious attention to the South Korean human rights problem which is in the worst state and take an appropriate step.

Article Condemns ROK's 'Fascist Repression'

SK0308105794 Pyongyang KCNA in English 1050 GMT 3 Aug 94

["MINJU CHOSON Condemns S. Korean 'SPB's' Fascist Repression"—KCNA headline]

[Text] Pyongyang, August 3 (KCNA)—The "guideline of emergency action", issued by the "Security Planning Board" of South Korea to its agents on the death of the great leader President Kim Il-song, was a criminal repressive order intended to brutally crack down upon the people expressing condolences with bitter sorrow and grief at the loss of the father of the nation, by connecting them with the North in a far-fetched manner, MINJU CHOSON says in an article today.

The author of the article notes:

The recently disclosed "guideline" of the "SPB" stipulates that a legal action should be taken on the strength of the "National Security Law" against all the people who intend to have functions of expressing condolences and, if a mourning service took place, it should be broken up by linking it with "the North's instruction". it also contains the "instruction" that when agents make a surprise search of incense-burning places, they should show ready-made "publications benefitting the enemy" and recorded tapes praising the North as "evidences" supporting their plots against the North.

This fully shows how villainously and tenaciously the "SPB" is running about to find a pretext to suppress the people expressing condolences.

Contained in the "guideline" is the point that "They should pull their full weight on rooting out 'the followers of the chuche idea' on this occasion." This tells that the Kim Yong-sam group and the "SPB" are the very ones who have created a terror-ridden "situation of a new security-oriented rule" these days, launching a campaign of search and arrest against the patriotic and democratic forces in South Korea with the general mobilization of repressive tools and forces.

The "guideline of emergency action" fully proves once again that the "Security Planning Board" is the general headquarters of anti- national, anti-reunification and anti- North confrontation plots.

The South Korean rulers must stop at once the anticommunist confrontation campaign and fascist suppression and promptly dissolve the "SPB".

ROK Accused of Spoiling Dialogue Atmosphere

SK0308044594 Pyongyang KCNA in English 0417 GMT 3 Aug 94

[Text] Pyongyang, August 3 (KCNA)—Of late the "Seoul district public prosecutor's office" reportedly hatched one more anti-North plot, driveling that the "chief" of the "national salvation vanguard", which they allege is an "underground organisation of the Workers' Party of Korea," manipulated the labor- management disputes behind the scene in South Korea and tried to "orchestrate the student movement".

As already known, the case of the "national salvation vanguard" is a fiction made by the "security planning board" linking the organisation with the North in a far-fetched way in early July.

The outcry of the South Korean rulers that the "chief" of the "national salvation vanguard" organisation tried to use the fellowship society of the "national council of student representatives" to "orchestrate the student movement" is a ridiculous sophism.

In reiterating the case of the "national salvation vanguard" the falsity of which was brought into a glaring light the South Korean anti-North plotters seek to divert elsewhere the attention of the South Korean workers and students who rose up in a struggle for independence, democracy and reunification and the right to existence and thus take the edge off their struggle and, at the same time, disintegrate them from within.

Another purpose sought by them in the farce is to spoil the hard- won atmosphere of dialogue and unhesitatingly turn the inter-Korean relations back to the phase of confrontation.

The traitor Kim Yong-sam must act with discretion, clearly knowing that he cannot evade the stern judgement of history and people for his grisliest crime against the nation and reunification.

Links to ROK Labor-Management Disputes Denied

SK0308054694 Pyongyang KCNA in English 0417 GMT 3 Aug 94

["Anti-North Smear Campaign Designed To Get Rid of Crisis"—KCNA headline]

[Text] Pyongyang, August 3 (KCNA)—Of late the "Seoul district public prosecutor's office" reportedly hatched one more anti-North plot, driveling that the "chief" of the "National Salvation Vanguard", which they allege, is an "underground organisation of the Workers' Party of Korea," manipulated the labor- management disputes behind the scene in South Korea and tried to "orchestrate the student movement".

As already known, the case of the "National Salvation Vanguard" is a fiction made by the "Security Planning Board" linking the organisation with the North in a far-fetched way in early July .

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In reiterating the case of the "National Salvation Vanguard" the falsity of which was brought into a glaring light the South Korean anti-North plotters seek to divert elsewhere the attention of the South Korean workers and students who rose up in a struggle for independence:

Democracy and reunification and the right to existence and thus take the edge off their struggle and, at the same time, disintegrate them from within.

Another purpose sought by them in the farce is to spoil the hard- won atmosphere of dialogue and unhesitatingly turn the inter-Korean relations back to the phase of confrontation.

The traitor Kim Yong-sam must act with discretion, clearly knowing that he cannot evade the stern judgement of history and people for his grisliest crime against the nation and reunification.

NODONG SINMUN on Strikes in ROK

SK0308111794 Pyongyang KCNA in English 1030 GMT 3 Aug 94

["S. Korean Workers' Struggle Gathers Force"—KCNA headline]

[Text] Pyongyang, August 3 (KCNA)—NODONG SINMUN today carries a by-lined article on the rapid expansion of the strikes and demonstrations of workers of the Hyundae Heavy Industries Co., Ltd. and other big companies of South Korea.

The trade union of the Hyundae Heavy Industries raised a demand of several dozen points for the improvement of the workers' life and working conditions and negotiated with the management to have their demand met, the article says, and goes on:

The authorities and the management, however, persistently refused to meet their demand. This made the trade union occupy main facilities of the company and start a general strike and a long-term sit-in.

In solidarity with it, the trade unions of the Hyundae Precision and the Hyundae Mipo Dockyard entered general strikes and the trade union of the Hyundae Steel Pipe is showing signs of joining them.

Upset by their strikes, the South Korean ruler convened "a meeting for emergency measures" and threatened a tough "legal response" involving the invocation of the notorious "emergency arbitration power."

Only too natural is the struggle of the South Korean workers, who are living a life unfit for humanity with their elementary freedom and rights as human beings totally trampled down, let alone political freedom and rights.

But the South Korean authorities, far from meeting their just demand, are countering their peaceful struggle with a wholesale suppression. This is a gross encroachment on democracy and human rights and a fascist act ruthlessly violating their vital rights.

Their attempt to check the workers' struggle with suppression is a foolish dream.

The South Korean workers will undauntedly fight until their demand was met. The harsher the suppression, the fiercer the struggle.

Japanese Attempt To Build Nuclear Weapons Noted

SK0308043494 Pyongyang KCNA in English 0423 GMT 3 Aug 94

["Japan Can No Longer Cover Up True Color as Nuclear Criminal"—KCNA headline]

[Text] Pyongyang, August 3 (KCNA)—It was disclosed recently that the Japanese Foreign Ministry worked out a secret document in 1969, which stipulates that "Japan should obtain the capacity of manufacturing nuclear weapons and should not have it restrained by its surroundings", MAINICHI SHIMBUN Monday [2 August] said.

This fully reveals again that the "three non-nuclear principles" that Japan has been noisily advertising under the eyes of the world are all sham and the outcries of the Japanese authorities that "Japan confines its use of atomic energies to a peaceful purpose" is a lie meant to mislead public opinion.

It is a stark fact that Japan has prepared itself materially and technically to manufacture a number of nuclear weapons any time, if it wants to do. Japan has hitherto denied the fact persistently, though. Today when the secret document is disclosed we cannot but ask the Japanese authorities what poor excuse they are going to invent.

Japan can no longer cover up the true color as a nuclear criminal.

The case of Japan's concealment of large quantities of plutonium, the statement that "it cannot be said that the use of nuclear weapons is the violation of the international conventions", the utterances of former Japanese Prime Minister Tsutomu Hata that "Japan is capable of possessing nuclear weapons" and the recently disclosed secret document calling for obtaining the capacity of manufacturing nuclear weapons—these are by no means accidental.

Japan will no more be able to deny that the fiction of "nuclear weapons development" by the DPRK it is spreading so persistently is aimed to justify its dangerous moves to become nuclear power.

Japan must stop its wildcat nuclear rope-dancing, clearly aware of the catastrophic consequences arising from its moves to become a nuclear power.

Japanese Treatment of Korean Girls Condemned

SK0308111194 Pyongyang KCNA in English 1025 GMT 3 Aug 94

[Text] Tokyo, August 1 [date as received] (KNS-KCNA)—The Japanese authorities' encroachment on Korean schoolgirls was condemned in Japan.

Lawyer Shigeru Tokoi and other public figures of Japan and officials of the General Association of Korean Residents in Japan (Chongnyon) jointly formed a committee for investigation into the encroachment upon the human rights of Korean schoolgirls, considering frequent violence against them to be "a problem of the Japanese society".

Shigeru Tokoi at an emergency press conference on July 25 said that violent acts and words against Korean schoolgirls looked accidental, but there were something deliberate and premeditated in the background.

The press conference heard a report on investigation into the encroachment upon human rights of Korean schoolgirls which was analysed and summed up on the basis of testimonies of victimized schoolgirls of Korean schools in Tokyo, the background and essence of the cases and the international human rights standard.

The report is expected to be sent to the UN commission on human rights which will meet in August, the Japanese prime minister's office, the national police agency, the Tokyo metropolitan office and other organs concerned.

A Japanese group consisting of over 300 persons July 27 presented a petition to the Japanese Government, urging it to take a measure for preventing assaults on Korean schoolgirls in Japan.

PRC Officials Attend Film Marking War Victory

SK0308014094 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 31 Jul 94

[Text] On the occasion of the 41st anniversary of our victory in the great fatherland liberation war, a film show was held at our embassy in the PRC on 27 July. Tang Jiaxuan, vice minister of foreign affairs; Zhu Shanqing, deputy head of the CPC International Liaison Department; Xu Wenbo, vice minister of culture; and functionaries of departments and committees as well as publishing and mass media organizations attended the show.

The attendees watched the sixth installment of our country's film "Fatherland Liberation War."

Envoy to Malaysia Pays Farewell Visit to King

SK0308015894 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 31 Jul 94

[Text] On 27 July, DPRK Ambassador to Malaysia (Chu Myong-pal) paid a farewell visit to King Tuanku Ja'Afar ibni Al-Marhum Tuanku Abdul Rahman. During the meeting, the ambassador conveyed greetings by the dear leader Comrade Kim Chong-il to King Ja'Afar. The king expressed deep gratitude, and asked the ambassador to convey his sincere greetings of long life to the dear leader Comrade Kim Chong- il.

The king expressed deep condolences over the death of the great leader Comrade Kim Il-song. He talked about the development of friendly relations between Malaysia and the DPRK, saying: It is an important issue for the DPRK to reunify peacefully. We hope the Korean peninsula will be reunified peacefully by the Korean people themselves. If Korea is reunified, it will not only be favorable for the Korean peninsula, but also for peace and security in Asia.

Officials Send Message to Sao Tomean Counterparts

SK0308112394 Pyongyang KCNA in English 1052 GMT 3 Aug 94

[Text] Pyongyang, August 3 (KCNA)—Kang Song-san, premier of the Administration Council, sent a message of greetings to Evaristo do Espirito Santo de Carvalho upon his appointment as prime minister of the Democratic Republic of Sao Tome and Principe.

The message expressed the belief that the friendly and cooperative relations between the two countries would continue to develop in the interests of their peoples.

Meanwhile, Foreign Minister Kim Yong-nam sent greetings to Alberto Ferreira Chong upon his appointment as minister of foreign affairs and cooperation of Sao Tome and Principe.

Bulletin, Magazine on DPRK Published Abroad

SK0308111294 Pyongyang KCNA in English 1021 GMT 3 Aug 94

[Text] Pyongyang, August 3 (KCNA)—The Mozambican Committee for Friendship with the People of the Democratic People's Republic of Korea and the Maputo city committee of the Mozambique Liberation Front Party printed a bulletin in joint name on July 23 on the occasion of the 41st anniversary of the victory of the Korean people in the fatherland liberation war.

The bulletin says:

The Korean people and People's Army defeated the U.S. imperialists and Armed Forces of its 15 satellites and the South Korean puppet army and won a great victory in the past fatherland liberation war under the outstanding leadership of the iron-willed brilliant Commander President Kim Il-song and the Workers' Party of Korea.

The Korean people and People's Army are now under the tested leadership of General Kim Chong-il, the outstanding leader of the world revolution and the supreme leader of the Workers' Party, state and Army of Korea, and single-heartedly united around their leader and their party.

The U.S. imperialists and the imperialist reactionaries are now leaving no stone unturned to stamp out the socialism of Korea making a long drive, but they can never attain their object. The socialism of Korea is the centre and fortress of the world revolution.

The Swiss committee for supporting Korea's reunification published magazine information of Korea of July issue.

The magazine carries a portrait of Kim Hyong-chik, an indomitable revolutionary fighter, photos and articles headlined "Kim Hyong- chik, Pioneer of Revolution" and "Solidarity to Chongnyon".

Mozambique Cooperative Honors Kim Il-song

SK0308103594 Pyongyang KCNA in English 1016 GMT 3 Aug 94

[Text] Pyongyang, August 3 (KCNA)—A meeting for the yearly account settlement and income distribution took place on the Maleice Agricultural Cooperative in Chibuto County, Gaza Province, Mozambique, on July 26.

The chairman of the management board delivered a report which was followed by congratulatory speeches of the county and sub-county magistrates at the meeting.

The reporter and speakers said it was entirely because President Kim Il-song, the great leader of the Korean people and an intimate friend of the Mozambican people, sent competent technicians and tractors, sprinklers and many other modern farm machines that they could raise and harvest bumper crops this year by doing farming safely, not affected by along spell of drought.

They said they would always remember the solicitude shown by the great president and vowed to do farming well in the future so that the solicitude shown by the president in his lifetime can yield better results.

They said they were convinced that the heroic Korean people would achieve bigger success in socialist construction and the struggle for the independent reunification of the country, rallied ever closer around General Kim Chong-il, the supreme leader.

They said Mozambique-Korea friendship would be eternal.

'Revolutionary Heritage' Left by Kim Il-song

SK0308103294 Pyongyang KCNA in English 1012 GMT 3 Aug 94

[Text] Pyongyang, August 3 (KCNA)—The entire Korean people are overcome by bitter grief at the unexpected death of the great leader President Kim Il-song.

Though he passed away, he left a revolutionary heritage that will be an eternal viability for the country and people.

He embarked upon the road of revolution in his early years and covered the most brilliant course of life for the country, the people and the revolution till his advanced age of eighties, providing the people with very precious everlasting wealth of the revolution.

The revolutionary heritage left by him to the Korean people is the pure and clean blood of the Workers' Party of Korea and the revolution and the successful solution of the question of the succession to the cause of the leader.

The great leader President Kim Il-song said:

"The revolutionary cause started by us in the thick forests of Mt. Paektu has not yet been accomplished. We have a long way to go in the revolution. If you are to carry forward and accomplish the revolutionary cause of chuche through generations, you should remain faithful to Comrade Kim Chong-il who is leading the revolution and construction to victory with literary and military accomplishments and loyalty and filial piety. ... I firmly believe that as you have so far walked the road of revolution unswervingly, remaining faithful to me, so you will uphold Comrade Kim Chong-il with single-hearted loyalty and vigorously fight for socialist construction and national reunification in the future."

By acclaiming great Comrade Kim Chong-il possessed of rare wisdom and distinguished leadership ability at the top of the Workers' Party of Korea, the state and the revolutionary Armed Forces, the Korean people have become able to carry forward to completion through generations the revolutionary cause of chuche started by President Kim Il-song. This is the greatest and most brilliant heritage bequeathed by President Kim Il-song for the country and revolution.

Another heritage left by him is the solid political and ideological, material and technical and military foundations so that the Korean people can carry to accomplishment the socialist and communist cause under the guidance of the dear leader Comrade Kim Chong-il.

President Kim Il-song founded the immortal chuche idea, the great banner of advance, the banner of struggle, whereby to emerge always victorious through any storm and strengthened and developed the Workers' Party of Korea, the general staff of the revolution, into the most dignified and powerful, invincible revolutionary party.

He also firmly built up the people's power, a mighty weapon of the revolution and construction, and cemented as firm as a rock our style socialist system, the cradle of the life and happiness of the people.

He built a powerful independent national economy which can walk on its own feet under whatever difficult conditions with his clairvoyance and tested leadership.

He handed down powerful self-reliant defence capabilities to the Korean people.

The Korean people who had to undergo national distress for the lack of an army to defend the country in the past days have now a- match-for-a-hundred army, invincible revolutionary armed forces, with modern means of attack and defence.

With this most precious heritage bequeathed by the great leader to the Korean people, socialist Korea will, in the future, enjoy endless prosperity under the wise guidance of the dear leader Comrade Kim Chong-il.

Kim Il-song's Reunification Line Stressed

SK0308121394 Pyongyang Korean Central Broadcasting Network in Korean 0700 GMT 3 Aug 94

[Unattributed talk: "Great Program To Achieve Reunification With the Nation's Chuche-Oriented Efforts"]

[Text] At the Fifth Session of the Ninth Supreme People's Assembly of the DPRK held in April last year, the great leader Comrade Kim Il-song put forth the 10-point program for grand unity of the whole nation for the fatherland's reunification, thereby clearly illuminating the road to turning, and pushing for, the cause for the country's reunification into a great work for the whole nation.

The respected and beloved leader Comrade Kim Il-song taught: Our 10-point program for grand unity of the whole nation embodies the noble desire of the 70 million countrymen who wish to see the realization of the reunification and prosperity of our nation with a 5,000-year long history, while the whole nation is firmly united as one, transcending the differences in ideologies, ideas, and systems.

The 10-point program for grand unity of the whole nation put forth by the great leader is a great program which helps overcome and break through all kinds of difficulties and obstacles actively and achieve the cause of the fatherland's reunification with the nation's chuche-oriented efforts. First of all, the 10-point program for the grand unity of the whole nation provides a powerful guarantee to help overcome and break through the prevailing difficulties and obstacles through a joint struggle of the nation.

Deeply understanding the urgent demands of the prevailing situation, the great leader Comrade Kim Il-song put forth the 10- point program for grand unity of the whole nation, thereby providing decisive ways for the 70 million countrymen to break through the grave difficulties prevailing in the country and to achieve the cause of the fatherland's reunification with the whole nation's efforts.

The 10-point program deals with the question of helping the individuals of the nation link their own fate with that of the nation, and unite themselves with a single intention to ardently love the nation and defend the national independence with their life, thereby elucidating a clear way to helping all countrymen fulfill their responsibility and role as the masters of the cause of the fatherland's reunification.

In addition, the 10-point program paves the way for the whole nation to break away from its dependence upon foreign forces and achieve the fatherland's reunification independently, while calling for the unity based on the spirit of national independence. The 10- point program stresses that the North and South should not pursue or encourage confrontation; stop all types of strife, calumny, and slander; not seek antagonism between the fellow countrymen; and pool the efforts of the nation to jointly cope with the foreign forces' maneuverings of aggression and interference. Therefore, the program elucidates a clear-cut way to check and frustrate the foreign forces' maneuverings of creating national division, sowing discord, and of seeking confrontation and war, thereby achieving the grand unity of the whole nation.

The 10-point program specifically stresses the demands and principles that the North and South should not threaten or invade each other, and should not try to absorb the other party with apprehensions over a northward invasion or a southward invasion, a victory over communism or a communization, thereby illuminating the way to achieving the reconciliation and unity between the North and South.

The 10-point program teaches that only the grand unity of the whole nation is an essential premise for the North and South to realize the independent and peaceful reunification and seek joint prosperity and thriving of the nation.

As seen here, the 10-point program for grand unity of the whole nation brightly illuminates the way for the whole nation to turn out in realizing the cause of the fatherland's reunification.

The 10-point program for grand unity of the whole nation is a great program to realize the reunification with the nation's chuche-oriented efforts. This is also because the program elucidates that the decisive might to realize the cause for reunification lies in the 70 million countrymen in the North, South, and abroad.

The bitter lessons in our country's modern history well shows that we cannot overcome the difficulties prevailing in the nation by depending upon others' strength.

It is a truth, which no one can deny, that the collapse of the country in the year of Ulsa [1905 when a protectorate treaty was concluded between the then Korea and Japan] and the tragedy of division in the forties began with the foreign forces' aggression and interference in the domestic affairs, and the nation-selling flunkeyists' dependence on foreign forces.

The difficulty prevailing on the Korean peninsula can be actively overcome only when one strengthens the chuche-oriented force of the nation.

The 10-point program for grand unity of the whole nation elucidates that those who are concerned about the fate of the nation, should unite, first of all, as one nation, transcending all differences, be they in the North, South, or abroad, communists or nationalists, proletarians or bourgeoisie, atheists or theists; and that even those, who have committed crimes against the country and the nation in the past, but are today turning out in the cause for the fatherland's reunification, are welcomed with pleasure to go forward hand in hand together forever.

The 10-point program for the grand unity of the whole nation elucidates that the decisive might to help overcome the difficulty threatening the survival of the nation and achieve the national reunification, prosperity, and thriving lies in the nation's chuche- oriented force, thereby vigorously arousing the whole nation to the movement for the fatherland's reunification. For this reason, the 10-point program for the grand unity of the whole nation serves as a great program that helps achieve the fatherland's reunification with the nation's chuche-oriented efforts.

The 10-point program for grand unity of the whole nation, which the great leader Comrade Kim Il-song personally worked out and made public, is a great program which helps achieve the fatherland's reunification with the nation's chuche-oriented efforts. This is because it clearly illuminates the road to eliminating the sources of the danger of a war from the Korean peninsula and achieving the peace and peaceful reunification of the Korean peninsula.

It is necessary to eliminate the sources of the danger of a war in order to avert the danger of a nuclear war on the Korean peninsula, guarantee the durable and solid peace there, and achieve the historic cause of the peaceful reunification.

To avert the danger of a war on the Korean peninsula and achieve the country's reunification today, it is necessary to solve, at its source, the situation of political and military confrontation between the North and South.

The 10-point program for grand unity of the whole nation paves the way to helping eliminate all kinds of factors hampering peace and the peaceful reunification on the Korean peninsula with the nation's concerted efforts.

The 10-point program for grand unity of the whole nation elucidates, on a whole scale, the general goals, ideological foundations, principles, and concrete methods of the grand national unity. As a result, a way to eliminate the sources of a war and achieve the independent and peaceful reunification with the grand national unity has been brightly illuminated.

The historic cause of the fatherland's reunification will surely be achieved when the 70 million Korean countrymen in the North, South, and abroad accelerate the vigorous advance for the realization of the 10-point program for grand unity of the whole nation, upholding this program put forth by the great leader Comrade Kim Il-song.

Letters Praising Kim Chong-il Found in ROK

SK0308044794 Pyongyang KCNA in English 0412 GMT 3 Aug 94

[Text] Pyongyang, August 3 (KCNA)—Letters revering the dear leader Comrade Kim Chong-il were written on a wall of a public building in Chongan-myon, Kongju county, South Chungchong Province, South Korea, on July 20, according to radio Voice of National Salvation from Seoul.

The letters read: "Let us set up a reunified country, upholding our leader Kim Chong-il, heaven of Tangun nation "

The letters remained there for five hours, deepening the reverence of the passers-by for the dear leader Kim Chong-il, the bright sun of the nation.

Kim Chong-il Work Carried by Foreign Newspapers

SK0308042894 Pyongyang KCNA in English 0403 GMT 3 Aug 94

[Spelling of all newspapers as received]

[Text] Pyongyang, August 3 (KCNA)—The dear leader Comrade Kim Chong-il's famous work "On the Chuche Idea" was carried by the Tunisian paper AL QUAHEDA.

The paper stressed that the brilliant thought and theory and immortal feats of his excellency President Kim Il-song embodying the anthropocentric chuche idea would be enriched and developed by his excellency Kim Chong-il.

His work "Our Socialism Centred on the Masses Shall Not Perish" was carried by the Maltese paper L'ORIZZONT and the Syrian paper AL BAATH [words indistinct] "The Internationalist Unity and Solidarity of

Revolutionary Parties" from his work "On the Fundamentals of Revolutionary Party Building" by the Malagasy paper IMONGO VAOVAO.

Foreign Papers Carry Biography of Kim Chong-il

SK0308061294 Pyongyang KCNA in English 0424 GMT 3 Aug 94

[Text] Pyongyang, August 3 (KCNA)—The brief biography of the dear leader Comrade Kim Chong-il was carried by the Cuban paper GRANMA, the Romanian paper NATIUNEA, the Thai paper SING JUNG WAN PAO and the Czech paper HALO NOVINY.

His brief biography was also carried by the Romanian paper ORA, the Australian papers CANBERRA TIMES, SYDNEY MORNING HERALD, THE AUSTRALIAN and THE AGE and the Senegalese paper RENOUVEAU POLITICIEN.

Yi In-mo Pledges Loyalty to Kim Chong-il

SK0308103194 Pyongyang KCNA in English 1002 GMT 3 Aug 94

[Text] Pyongyang, August 3 (KCNA)—A former war correspondent of the Korean People's Army, Yi In-mo, who is known as the incarnation of faith and will, visited Mangyongdae and the revolutionary martyrs cemetery on Mt. Taesong and vowed to remain always faithful to the dear leader Comrade Kim Chong-il.

Yi In-mo looked back with deep emotion on the glorious revolutionary history and undying feats of the great leader President Kim Il-song who devoted his all to the freedom and happiness of the people in his life of more than eighty years, finding it hard to repress bitter pain and grief at the loss of the great sun of the nation.

He said when he was in the enemy-controlled area for over 40 years, he fought, regarding President Kim Il-song as the mental pillar, though he was subjected to harsh persecution and tortures by the enemy. "Though the great fatherly leader parted with us, he is always with us," Yi said.

Recalling the loving care shown by President Kim Il-song for him for nearly one year and a half after he returned to the homeland, Yi said:

"I will show to Comrade Kim Chong-il, the sun of Korea, who was born the bright star of Mt. Paektu, the loyalty that I failed to show to the respected leader in his lifetime.

"I will always remain loyal to General Kim Chong-il with the faith that to hold in high esteem and follow him, the illustrious leader of our party and our people, to the end of the sun and the moon, is to fulfil the behests of the respected leader President Kim Il-song."

Achievements in Railway Transport Reported

SK0208215994 Pyongyang KCNA in English 1501 GMT 2 Aug 94

[Text] Pyongyang, August 2 (KCNA)—Railway workers of the Democratic People's Republic of Korea continue effecting innovations in railway transport by changing the deepest grief at the loss of the great leader President Kim Il-song into thousand-fold strength and courage.

In recent ten days they carried 22,700 more tons of freight on a daily average than in the first ten days of July. They topped the rated traction tonnage by 17,129,000 tons on an annual average in the past 15 years.

In this period the Pyongyang railway bureau carried 540,000 more tons of freight than the rated traction tonnage on an annual average by effectively organizing and commanding transport and increasing the utility rate of locomotives and waggons.

The Hamhung and Chongjin railway bureaus have transported much more loads than the rated traction tonnage.

Article on Party 'Consolidated' Under Chuche

SK0308112094 Pyongyang KCNA in English 1044 GMT 3 Aug 94

["WPK Consolidated Under Banner of Modelling Whole Party on Chuche Idea"—KCNA headline]

[Text] Pyongyang, August 3 (KCNA)—NODONG SINMUN today runs an article titled "WPK [Workers Party of Korea] Consolidated Under Banner of Modelling Whole Party on Chuche Idea" on the lapse of 20 years since the dear leader Comrade Kim Chong-il published a highly important work on pushing ahead with the cause of modelling the whole society on the chuche idea through radical improvement of the party work (August 2, 1974).

The author of the article says:

The famous work of the dear leader, called the August 2 work in the history of our party, is shining as a monumental work which set up a milestone of a new great turn in the glorious struggle of our party which was founded and strengthened by the great leader Comrade Kim Il-song.

The idea of modelling the whole party on the chuche idea expounded by the dear leader is a great strategic policy which was the first in history to indicate the way of strengthening the working-class party as the leader's party.

The dear leader Comrade Kim Chong-il said:

"Our party founded by the great leader Comrade Kim Il-song must be strengthened as a glorious party of Comrade Kim Il-song forever."

The modelling of the whole party on the chuche idea is a noble undertaking to strengthen our party as a party of Comrade Kim Il- song, the pioneer of the cause of chuche.

With the programme of modelling the whole party on the chuche idea put forward, it was expounded scientifically for the first time in the history of building the working-class party that to model the whole party on the leader's idea is the general task and fundamental question of party building, and a revolutionary way of firmly establishing the leader's ideological system and leadership system in the party and strengthening the party as the leader's party forever was opened.

The publication of the programme was an expression of the unshakable will of the dear leader to carry forward and accomplish the cause of party building started by the great leader.

The modelling of the whole party on the chuche idea is a continuation of the course of modelling our party on the chuche idea which began with the founding of the party and a work to perfect our party as the leader's. The dear leader advanced the programme of modelling the whole party on the chuche idea long ago and strengthened our party into an ever-victorious steel-like party which can accomplish the revolutionary cause of chuche. This is a distinguished exploit performed by him.

Today we can say with great pride and confidence that our party has the invincible might as the tested general staff of the Korean revolution and a promising revolutionary party which can brilliantly carry forward the revolutionary cause of chuche started by the great leader.

Our party is famous as a revolutionary party firmly defending and purely inheriting the blood of chuche, an invincible party which achieved a singlehearted unity around the illustrious leader and a strong political guiding organisation which is brilliantly carrying out the cause of modelling the whole society on the chuche idea.

The blood of our party is that of chuche type which was provided by the great leader in the long-drawn-out course of pioneering the revolution and leading our party.

We can say confidently that our party can grow stronger, keeping its blood pure as the party of its founder and leader, because it advances under the slogan of modelling the whole party on the chuche idea, guided by the dear leader.

The modelling of the whole party on the chuche idea is an effort to dye the whole party in one idea, the chuche idea, and ensure the uniformity of leadership on that basis. As the work of establishing the monolithic ideological system of the party was constantly deepened under the banner of modelling the whole party on the chuche idea, only the chuche idea is predominant throughout the party and all party organisations and members move as one in good order and discipline under the leadership of the party Central Committee. Our party has become a unit of singlehearted unity of people who share the destiny with the party, firmly trusting and following the party and the leader. And the organisational and ideological basis for accomplishing the chuche cause under the leadership of Comrade Kim Chong-il has been consolidated.

It is the highest honour and greatest fortune of the WPK members and our people to make revolution with Comrade Kim Chong-il, who has constantly strengthened our party into a promising revolutionary party of chuche type under the banner of modelling the whole party on the chuche idea, at the head of the party.

Today our people and the revolutionary people of the world deeply respect and trust Comrade Kim Chong-il, who has brilliantly solved the fundamental question decisive to the destiny of the party and the cause of socialism, as the most distinguished leader of our times and see the final victory of the revolutionary cause of chuche and a bright future in his tested leadership.

South Korea

U.S. 'Likely' To Propose DPRK Liaison Office

SK0308030694 Seoul YONHAP in English 0121 GMT 3 Aug 94

[Text] Washington, Aug. 2 (YONHAP)—The United States will likely suggest to North Korea that they exchange liaison offices, as a first step toward improving bilateral relations, during their high-level talks opening Friday [5 August] in Geneva.

Sources well versed in Korean affairs said Tuesday the liaison office issue would probably be addressed at the upcoming meeting, while recalling the U.S. Government's basic policy of moving toward better relations if Pyongyang guarantees its nuclear transparency.

A U.S. Government official said that if progress between the two countries was made, they could exchange liaison offices—a channel that is one level higher than the "interest sections" Washington maintains in Cuba and Taiwan at present—recalling the precedent set by Washington and Beijing in forming diplomatic ties.

The formal status of an interest section is lower than that of a liaison office, but its head actually represents the American Government as he carries out his duties as a civilian after retiring from his State Department post.

Another official supported the belief that the United States would suggest an exchange of liaison offices with North Korea during the Geneva talks. He added, however, this will only be realized when North Korea provides a firm guarantee of its nuclear transparency.

Although Pyongyang has shown deep interest in the American offer to convert its nuclear reactors to a light-water system, it seems to be reconsidering the project and placing more emphasis on improving relations with Washington, he hinted.

In connection with furthering U.S.-North Korea ties, the official said they would inevitably need to replace the existing armistice agreement with something like a peace accord, and this is the basic American conception.

Therefore, he continued, there is a possibility the issue will be handled at the meeting in Geneva.

As a peace accord is a sensitive issue for South Korea, however, the U.S. Government is approaching it cautiously, he said.

DPRK Source on Third Round of U.S. Talks

SK0308104594 Seoul YONHAP in English 1032 GMT 3 Aug 94

[Text] Tokyo, Aug. 3 (YONHAP)—The United States and North Korea may possibly agree on the exchange of permanent liaison offices at their third-round high-level talks resuming in Geneva Friday, the NIHON KEIZAI SHIMBUN of Japan reported in a dispatch from Washington Wednesday.

The report said a North Korean diplomatic source was optimistic about the outcome of the Geneva talks, observing on Tuesday, "My country and the United States would agree on the establishment of permanent liaison offices at the third-round talks."

The North Korean source, the dispatch said, confirmed that at the July 8 high-level talks, Washington formally suggested the transfer of the fuel rods drawn out of a laboratory reactor to a third country.

"We are recognizing the offer as an option but we have no intent of accepting it," the source said.

He reportedly said that the biggest issue facing the coming third-round talks would be which support would the United States reveal for the switch of North Korean atomic reactors to light-water ones.

The North Korean source, the report said, went on to assert that if the United States ceases to take a hostile policy, Pyongyang would return to the Nuclear Nonproliferation Treaty (NPT) and accept all inspection-related obligations.

He was quick to add that North Korea, however, would not recognize any special inspections of their "suspected nuclear facilities."

The source then observed that the coming talks would go a rough sailing if the United States uses this and South-North dialogue as preconditions to improving U.S.-North Korea relations.

"As long as the United States does not boycott talks, U.S.-North Korea negotiations would go on, during the period of which our nuclear project would be frozen," the source was quoted as saying.

Effects of DPRK Nuclear Policy on Geneva Talks

SK0308013094 Seoul THE KOREA TIMES in English 3 Aug 94 p 2

[Text] North Korea is determined not to give up the spent fuel rods discharged in May from its five-megawatt reactor, which analysts believe will enable the North to hold an edge in future bargaining with South Korea and the United States over the nuclear issue.

Pyongyang will continue to play its nuclear card by making full use of the spent fuel rods regardless of whether it reaches a package deal in the third round of high-level talks with Washington, they said.

Officials and analysts note that chances are good that both sides could strike a compromise in the Geneva talks which will start Friday [5 August] for an indefinite period because burdens facing the two country are too heavy to sustain in case the dialogue ruptures.

Diplomatic sources, however, said that North Korea earlier told the United States that it would reprocess the spent fuel rods within this month due to technical and safety reasons.

The North also demanded that concerned parties help it replace its graphite-moderated reactor with a safer light-water system in exchange for freezing its nuclear activities.

As long as it possesses the spent fuel rods within its territory, North Korea seems to believe that it will have an edge in its bilateral negotiations with Washington.

In case it gives up the spent fuel rods, the North seems to think that it will receive nothing from the United States except for a promise of assistance.

North Korea, despite its sagging economy, has poured an astronomical amount of money into its nuclear program. Therefore, it cannot scrap the program unless it gains something tangible from its bargaining with the United States.

Meanwhile, the United States, Japan, China, Russia and South Korea have shown subtle differences over what form and level of assistance should be given to North Korea, which requires further coordination when North Korea's real intentions are clarified in connection with the reactor replacement program.

However, North Korea, if requested, hinted that it could allow the presence of international inspectors during the reprocessing process which could last nearly one year, they said.

It also expressed willingness to put the extracted plutonium under international supervision or transfer it to a third country, they added.

Despite its flexibility over the extracted plutonium, North Korea is known to have strongly refused to transfer the spent fuel rods, currently in storage, to a third country, they added.

As long as the North allows an international presence to monitor the discharged spent fuel rods or their reprocessing, Pyongyang is believed to be still committed to the Nuclear Nonproliferation Treaty (NPT).

However, it goes against the 1992 declaration for a nuclear-free Korean peninsula which bans reprocessing of nuclear materials in Korea.

Even though Seoul and Washington have called on Pyongyang to observe the inter-Korean declaration, it was virtually nullified because Pyongyang possesses a radiochemical laboratory, believed to be a nuclear reprocessing plant.

The North's tenacity on reprocessing is also interpreted as part of its strategy to secure more concessions from the United States in the third round of talks.

The United States is due to pledge assistance to the North to replace its outmoded graphite-moderated reactor with a safer light- water reactor.

However, the basis for such technological and financial assistance is the North's freeze of its nuclear activities.

If the North is allowed to reprocess the spent fuel rods, it means the North's resumption of nuclear activities which South Korea cannot tolerate.

If the North continues to insist on reprocessing the spent fuel rods, the United States is believed to offer technologies, which could enable the North to keep the spent fuel rods for the next several months as they are sources said.

But they added that the North is not in a position to keep its isolationist policy in the wake of the death of Kim Il-song, an atmosphere which is expected to create a breakthrough in the prolonged nuclear impasse.

DPRK Reportedly Establishes Petroleum Ministry

SK0308080194 Seoul CHUNGANG ILBO in Korean
3 Aug 94 p 9

[By reporter Yang Chae-chan]

[Text] It was learned that North Korea recently established the Petroleum Ministry within the Administration Council. This is attracting attention regarding North Korea's difficult petroleum situation.

Recently, quoting KYODO, AP-DJ [press agency] reported that the establishment of such a ministry was confirmed because one of the wreaths at Kim Il-song's funeral was presented under the name of the Petroleum Ministry. AP-DJ added that this coincides with a speech made by North Korean Premier Kang Song-san in April in which he said that to successfully promote socialist economic construction, efforts must be made to develop the petroleum industry. According to the Energy Economic Institute, the North Korean Administration Council is comprised of the Ministry of Coal Industry, the Ministry of Natural Resources Development, the Committee of Electric Industry, and the Ministry of Nuclear Energy.

Chong U-chin, senior researcher of the Energy Economic Institute, said: "The organization of North Korea's energy-related government is divided according to energy source—for example, coal or electricity. In the past, an organization related to petroleum had not been in operation. The need to create a separate Petroleum Ministry to manage the petroleum reflects the severity of North Korea's petroleum situation.

Repatriation of DPRK Detainees Discussed

SK0208042594 Seoul YONHAP in English 0321 GMT
2 Aug 94

[Text] Seoul, Aug. 2 (YONHAP)—The South Korean Government is actively studying ways to promote the repatriation of South Koreans detained by Pyongyang against their will.

To achieve this end, President Kim Yong-sam met separately Tuesday morning with Prime Minister Yi Yong-tok, Deputy Premier and Unification Minister Yi Hong-ku, and Foreign Minister Han Sung-chu. The meetings took place at Chongwadae, the presidential office.

A formula under study calls for proposing to North Korea a resumption of the inter-Korean Red Cross talks, while another envisages asking the United States to take the matter up at the forthcoming Washington-Pyongyang talks in Geneva, according to sources.

The idea of proposing an inter-Korean Red Cross contact for sometime in August was discussed at a breakfast meeting Tuesday attended by Unification Minister Yi, Foreign Minister Han and other senior government officials concerned.

Meanwhile, Deputy Prime Minister Yi met U.S. Ambassador James Laney Tuesday morning and solicited America's support for the repatriation of Korean detainees in the North through the United Nations and other international human rights organizations, the sources said.

Ministry Considering Exchange

SK0308072594 Seoul SEOUL SINMUN in Korean
3 Aug 94 p 2

[Text] The government has reportedly and seriously considered the mutual exchange of South Koreans abducted by North Korea and unconverted long-term prisoners in order to hasten the repatriation of the abducted South Koreans—including Ko Sang-mun, a former high school teacher from Sudo Women's High School. It has been learned that there are approximately 40 unconverted long-term prisoners in our country.

The Justice Ministry said there are approximately 40 unconverted long-term prisoners as of 2 August who are detained in Taejon, Taegu, and Kwangju prisons; there are also approximately 130 left- wing prisoners in our country, including the above-mentioned prisoners.

It has been learned that Ham Se-hwan and Kim In-so [his real name is Kim Kuk-hong], who North Korea persistently requests be repatriated, have already been paroled and are now working as laborers or employees at a bookstore in either Taejon or Kwangju.

Prisoner's Family Appeals to UN

SK0308012894 Seoul YONHAP in English 0031 GMT 3 Aug 94

[Text] Seoul, Aug. 3 (YONHAP)—The family of Ko Sang-mun, a former South Korean high school teacher who was abducted and sent to a North Korean prison camp, pleaded with the UN human rights commissioner for help in his repatriation Wednesday.

Ko Sang-ku, the brother of Sang-mun, sent a letter of appeal via a facsimile machine that connects directly with UN High Commissioner for Human Rights Jose Ayala Lasso at the Foreign Ministry.

"Before he went missing, Ko sent many affectionate letters to us in which he expressed a desire to join us as soon as the research program finished," the letter said. "Therefore, we are confident that he was abducted by North Koreans at the North Korean Embassy there."

The teacher was traveling in Oslo, Norway, on April 15, 1979, when he disappeared. His bags later turned up, and authorities believe a cab driver mistakenly took him to the North Korean Embassy when Ko asked to go to a Korean mission to report his lost passport.

Amnesty international disclosed last Saturday that Ko is being held in a North Korean camp as a political prisoner.

"We have been waiting for our son, husband and father in agony and tears for 15 long years. It is the last remaining wish of an 80-year-old father and a 75-year-old mother to see their son once again... We plead that you will heed our wishes and open wide the barred gates of North Korea so that he can walk out with his hands held high to once again breathe the air of freedom," Ko's brother wrote in the letter.

President Kim Yong-sam has vowed to take up the matter with North Korea in a concerted effort with international organizations and ordered his cabinet to look into all possible options for ko's repatriation.

The Foreign Ministry asked the UN Human Rights Commission at a government level Tuesday to intervene in Ko's case.

Seoul Hopes To Gain PRC Cooperation on DPRK

94P30081

[Editorial Report] The 13 July HANGYORE SINMUN on page 5 reported that the Chinese Ambassador to Korea, Zhang Tingyan, had visited the Blue House [Presidential offices] on 11 July, two days after Kim Il-song's death was announced. Although the Blue House press secretary explained Chang's visit as a protocol gesture, political and foreign relations experts saw this as the beginning of a new relationship between the two countries. Chang reportedly conveyed China's views following Kim Il-song's death to ROK Government officials. Experts believe Chang might also have discussed China's stance regarding Kim Chong-il's leadership and China's future policy on North Korea.

Since 9 July, the Korean Government has been carefully analyzing foreign reactions to Kim Il-song's death, according to HANGYORE SINMUN. The paper also said that the government paid particular attention to China's reaction and has stayed in close contact with the PRC Government. Between 9 and 10 July, Foreign Minister Han sung-chu reportedly contacted the PRC Foreign Ministry several times to express the ROK's continuing desire for peace on the Korean peninsula and resolve the North Korean nuclear issue through dialogue. Han also emphasized the "important contributions" that China could make to achieve peace on the Korean peninsula. HANGYORE SINMUN added that South Korean embassies all over the world are also keeping communication lines open with their PRC counterparts.

HANGYORE SINMUN concluded that "obviously, the Seoul Government has decided that China is the only country that can influence North Korea" because of the aid it provides the DPRK in the form of food, oil, and military equipment. The paper stated that the government plans to keep in close contact with China because it knows China will maintain a close relationship with North Korea under Kim Chong-il. The Ministry of Foreign Affairs reportedly believes China will help North Korea's new leadership take up Kim Il-song's plan of negotiation "through dialogue."

Seoul 'Outpaced' DPRK in Trade With China

SK0308114694 Seoul HANGUK ILBO in Korean 3 Aug 94 p 2

[Report by REUTER/YONHAP from Beijing]

[Text] According to a diplomatic source in Beijing on 2 August, the ROK has already outpaced North Korea in terms of its trade volume with China, thereby diminishing North Korea's diplomatic influence over China.

A diplomat from an Asian country said: With the increase of ROK's trade volume with China, North Korea's influence over China's foreign policy has been diminishing. Since the 8 July death of Kim Il-song, who had maintained close relationships with China's political and military leaders, such a phenomenon has become conspicuous.

This diplomat added: "Kim Chong-il of North Korea has seldom visited China, nor has he maintained close relationships with Chinese leaders, whereas the ROK is supplying China with jobs, various kinds of products, and investments."

According to the Chinese Government's statistics, ROK's trade with China amounted to $4.96 billion during the first half of this year, recording a 59.3 percent increase over the corresponding period last year, while North Korea's trade volume marked $336 million, a 21.9 percent decrease.

Therefore, in less than two years since it normalized relations with China, the ROK has emerged as China's sixth largest trading partner, ranking next to Taiwan and far outpacing Russia.

In the meantime, China has emerged as the sixth country in the list of countries, in which the ROK wishes to invest. As of the end of last May, the ROK is reported to have invested $1.2 billion in a total of about 1,400 Chinese projects.

DPRK-Japan Trade Declining 'Rapidly'

SK0308012794 Seoul YONHAP in English 0058 GMT 3 Aug 94

[Text] Seoul, Aug. 3 (YONHAP)—Japan's trade with North Korea is falling rapidly this year, the Korea Foreign Trade Association (KFTA) said, quoting Japanese trade statistics released Wednesday.

Exports by Japan, the biggest "western" trading partner of North Korea, to the communist country came to 7,538 million Japanese yen in the first half of this year, down 37.6 percent from the same period in 1993.

Japan's exports to North Korea soared 122 percent to 968 million yen in January from the year before, but then declined for five months in a row.

Especially, exports between April and June were only 3,795 million yen, less than half of the 8,257 million yen recorded in the same period last year.

Japanese exports to North Korea increased 19.2 percent in 1991 but dropped 6.5 percent and 14.4 percent in 1992 and 1993, respectively. Its exports are expected to decrease even more this year, KFTA officials said.

Japan's imports from North Korea reached just 11,712 million yen in the first six months, falling 10.3 percent from the same period last year.

Its imports have continued to shrink for 10 consecutive months since last September, while yearly imports also declined to 27,943 million yen last year, down 14.5 percent from the year before.

The KFTA attributed the sharp drop in Japanese exports to North Korea to a decrease in automobile and textile exports, which fell 70.9 percent to 678 million yen and 26.8 percent to 888 million yen in the January-June period this year from 1993, respectively.

Japan's iron and steel imports from North Korea also declined 27.4 percent to 3,324 million yen in the first half from the same period last year.

*Article Views DPRK Without Kim Il-song

942C0178B Seoul TONG-A ILBO in Korean 12 Jul 94 p 5

[By Sogang University Professor O Ki-pyong]

[Text] North Korean President Kim Il-song's death has caused a great stir at home and abroad. The scheduled North-South summit, the news of which was received with a mixture of great expectations and misgivings, has been postponed for the time being by Pyongyang, and the talks between North Korea and the United States have also been suspended.

We are sorry that the earnest expectation of our nation that the summit would lead to the reunion of separated families and ultimately to national reunification has been shattered. At the same time, we were as uneasy about the summit with the wily dictator as our expectations were great.

Speculation was rife about the cause of his death. As if vying with soothsayers, there has been worldwide prognostications as to the future of North Korea. This is quite natural because the death of President Kim Il-song, who reigned as the longest and most cruel dictator in modern history, has left tremendous problems behind in the post-Cold War era. These problems include the chuche ideology founded as the ideological basis of his dictatorship that lasted for a half century, the idolatry filled with falsehood, the huge armed forces the size of which far exceeds North Korea's economic ability to support them, and the pervasive poverty.

However, what is transpiring now permits some forecast. First, the anachronistic dynastic succession is expected to take place faster and more smoothly than expected. It appears that the succession of power to Kim Chong-il, for which the ground has been paved for 20 years, could take place before the funeral services of the late President Kim.

Second, when a new regime is installed in North Korea, it will give the first priority to seeking its stability regardless of whether the new regime will take the form of a unitary rule in control of the party, the administration, and the military or a collective leadership system. To this end, the new regime will call for, among others, political reform and economic opening, thereby distinguishing itself from "the Kim Il-song era."

Third, for the purpose of having its legitimacy recognized, a new North Korea will continue dialogues with the United States, which is more flexible in its nuclear policy, while trying to preserve the practical value of its nuclear card. The regime feels an urgent need for normalizing its relations with the United States and Japan to receive much needed economic assistance from them.

It will also continue to seek a North-South summit with a view to having South Korea recognize its legitimacy.

Under these circumstances, South Korea's policy toward North Korea will be limited by two factors: One is the necessity to prevent a second Korean war from breaking out on the Korean Peninsula. The other is the need for South Korea to maintain a peaceful coexist with North Korea by formally forswearing a policy of unifying the country by absorption.

Therefore, the questions of what will come of the originally scheduled summit and how South Korea should react when North Korea begins to pursue a policy of opening to the outside world are matters of great concern for our people.

It is self-evident that a summit between South Korea and the new North Korean regime will have the effect of augmenting the legitimacy of this regime. However, the problem is that there is the danger of South Korea being drawn into the power struggle over nepotism or official lines which might erupt in North Korea in the internal political process of consolidating its new regime. Accordingly, it is not desirable to hastily try to hold a summit meeting; instead South Korea should deal with the North Korean regime as summit partner only when it has consolidated its power and attained a sufficient self-regenerative capability. Nevertheless the door to dialogues should be left open to realize the reunion of separated families and for other purposes.

The success or failure of the Kim Chong-il regime will depend on whether or not it will be able to establish its leadership in dealing with the North Korean people. In this regard, opening to the outside world is inevitably a primary requisite for resolving the economic difficulties of the people. However, the problem is that the opening of the system, no matter how limited in scope, can hardly be attained for economic purposes alone unless it is accompanied by political reform and liberalization. Gorbachev is a living witness. This provides some ground for speculation that the Kim Chong-il regime will not last long.

But when pressure is applied from the outside to hasten the process of reform and opening in North Korea, it might irritate the ultra conservatives in North Korea, driving the forces in favor of opening into a tight corner.

There is a limit to the effects of Kim Il-song's death in having his ideology and personal cult carried forward. There seems to be a higher probability for putting an end to his Stalinism and bringing about a better, reform-minded regime.

The North Korean people and military must be prostrated with hopelessness over "North Korea Without Kim Il-song" and even would like to hang on to his shadow. However, we should recall the historical truth that the removal of the shadow image of a dictator could happen at any time. When we cautiously cope with the situation with patience, we will soon witness the emergence of Kim Chong-il as successor and the situation may develop in such a way as to make us hope for a sweeping change on the Korean Peninsula. What is most urgently needed to this end is for our government to take the initiative and exert a serious effort to forge a national consensus on the whole breadth of its unification policy, including the policy on the nuclear issue.

Student Movement Opposing Hanchongnyon Launched

SK0308032294 Seoul YONHAP in English 0234 GMT 3 Aug 94

[Text] Seoul, Aug. 3 (YONHAP)—A new student movement opposing the pro-North Korean unification formula of Hanchongnyon (the Korea Federation of University Student Councils) was formally launched at Seoul National University (SNU) Wednesday [3 August].

Kang Pyong-won, head of the newly organized National Headquarters of Student Movements for Settlement of Peace on the Korean Peninsula and Ushering in a Unification Era, said at a press conference that his group would launch "an independent unification movement different from that conducted by Hanchongnyon and Pomchongnyon (the Pan-National Alliance of Youths and Students) in cooperation with North Korea."

Kang, a senior majoring in agricultural economics, is chairman of the SNU student association. Present at his press conference held at the SNU student hall on Wednesday morning were student leaders of some 20 universities supporting Kang's organization.

Noting the unification movement that Hanchongnyon and Pomchongnyon are spearheading in alliance with North Korea and some overseas Koreans has failed to win the people's support, Kang said students opposing the two pro-North Korean student groups formed the new organization as they felt the need to launch an independent movement in South Korea.

In September, the three student bodies formed at over 20 universities, including SNU, Yonsei, Ihwa Woman's and Sogang, will be integrated into the federation of creative and progressive student associations for fatherland reunification in the 21st century, Kang revealed. The three bodies are the Leagues of Student Associations for Improved Living Standards and Popular Politics, the Student Associations for Progressive Politics and the Progressive Student Associations.

Affiliated with Kang's National Headquarters of Student Movements are student associations from over 20 universities, among them SNU, Yonsei, Ihwa Womans, Sangmyong Women's, Tong-a, Hyosong Women's, Yongnam and Taegu, Kang said.

Representatives of these universities' students met at the SNU Student Hall Tuesday to inaugurate the National Headquarters of Student Movements and elect Kang as their leader.

College Students Polled on Student Movement

SK0308061994 Seoul YONHAP in English 0544 GMT 3 Aug 94

[Text] Seoul, August 3 (YONHAP)—A majority of South Korean collegians think that in order for the student movement to regain the public's confidence, the Korea National Federation of Student Councils (Hanchongnyon) must be reformed or dissolved, a survey has disclosed.

College students, however, are opposed to the prosecution's having arrested pro-North Korean student radicals called "chusapa" on the grounds that they have had little effect on society and that such arrests help conservative forces retain their privileged status.

These are the salient points of a survey conducted by a new student group of 1,002 students at over 20 colleges and universities across the country including Seoul National, Yonsei and Ewha Womans Universities.

The new organization, the National Student Movement Headquarters for Peace Settlement and Reunification of the Korean Peninsula, was inaugurated Wednesday. Heading the group is Kang Pyong-won, 23, chairman of the Seoul National University Student Council.

Asked about reforming Hanchongnyon, 82 percent of the pollees gave an affirmative response reasoning that such action is needed to restore public confidence in the student movement, while 6 percent called for its dissolution. Eight percent opposed discussion of the matter in view of the current political climate, and 3 percent approved of Hanchongnyon.

Concerning warrants of detention issued for the pro-North Korean "chusapa," 41 percent of the respondents said they are merely helping conservative forces retain their vested interests since the radicals have hardly affected society, and 27 percent said freedom of thought must be guaranteed. On the other hand, 13 percent replied that the student radicals ought to be ferreted out and arrested, while another 13 percent said that Hanchongnyon is riddled with problems.

Responding to a question on the controversial remarks made by Sogang University President Pak Hong, who said de facto North Korean leader Kim Chong-il is behind "chusapa," 33 percent replied that they were irresponsible and an insult to the student movement, 28 percent that Pak was courageous in making the comments despite his problems in presenting evidence, and 27 percent that he made a mistake as he failed to verify his claims.

On the issue of sending condolences over the death of North Korean President Kim Il-song, 40 percent replied that respects should have been paid to create an atmosphere favorable for peace. Some 33 percent favored no expression of condolence, 15 percent said no sympathies can be offered on the death of war criminal, and 7 percent regretted that no consolatory message was sent given the precedent set when South Korea sent condolences after Japanese Emperor Hirohito died.

In addition, the survey revealed the pollees' approval rating of the Kim Yong-sam administration averaging 41 points out of 100. Although it is higher than the 32 points given to his predecessor No Tae-u, the rating is still deemed rather low.

Prosecution Probes Leftist Forces on Campuses

SK0308081694 Seoul YONHAP in English 0722 GMT 3 Aug 94

[Text] Seoul, Aug. 3 (YONHAP)—The prosecution has started investigating leftist forces sympathetic to North Korea on campuses across the country.

The supreme public prosecutor's office said Wednesday it is probing seven to eight professors at Kyongsang National University in Chinju, South Kyongsang Province, having concluded that a textbook they co-authored supports the communist theories of class struggle and a Bolshevik revolution.

The professors used the book, titled "How To Understand Korean Society" published early this year, in their lectures to freshmen and sophomores taking the course "A New Recognition of Korean History" in the first semester.

The prosecution will indict them on charges of violating the National Security Law if they, as well as the book, are found to have instilled communist ideology into the students, a spokesman said.

The prosecution is also examining articles the professors contributed to newspapers and magazines to determine whether they are sympathetic to North Korea, while planning to ask the university not to use the textbook in the second semester.

In a related development, the Seoul District Prosecutor's office reportedly sought a seizure warrant Tuesday for a postal deposit book opened in the name of Yi Chong-uk, chairman of Sochongnyon (the Seoul Federation of University Student Councils), in a bid to trace funds used for Sochongnyon's programs, including anti-government demonstrations, to their sources. Yi is under arrest for his leading role in violent student demonstrations.

Moreover, the prosecution is attempting to identify a professor who, Sogang University President Pak Hong alleged in a recent interview with a Japanese newspaper, has studied using North Korean funds, press reports said.

It has also confirmed the training programs that Chondaehyop, the predecessor of Hanchongnyon (the Korea Federation of University Student Councils), prepared to educate selected high school students as future movement leaders and is investigating those involved in the training programs, they said.

In addition, the prosecution is investigating some groups belonging to Chonkyojo (the National Teachers' Union) which have published booklets supporting North Korea's confederation unification formula for distribution to Chonkyojo members.

Pak Po-hui Expelled From Veterans' Association

SK0308065094 Seoul TONG-A ILBO in Korean 3 Aug 94 p 2

[Text] On 2 August, the Korean Veterans' Association (Chairman Chang Tae-wan) said it had decided to expel from the association Pak Po-hui, former president of SEGYE ILBO who is also an army reserve lieutenant colonel as well as part of the 2d class of the General Officers' Candidate School of the ROK Army, because of his participation in Kim Il-song's funeral ceremony and expression of condolences over his death. This discharge is effective retroactive to 19 July.

Seoul, Malaysia To Promote Military Cooperation

SK0308030294 Seoul YONHAP in English 0128 GMT 3 Aug 94

[Text] Seoul, Aug. 3 (YONHAP)—Yi Yang-ho, chairman of the Joint Chiefs of Staff, received Malaysian Chief of Defense Forces Borhan Bin Haji Ahmad [spelling of name as received] on Wednesday [3 August] to discuss promotion of bilateral military cooperation.

They shared an understanding of the security situation in the Asia-Pacific region, including the Korean peninsula, and decided to further increase bilateral cooperation on military and defense industry issues.

Borhan arrived in Seoul on Tuesday and is scheduled to inspect the Army, Navy and Air Force Headquarters and the Defense Industry before leaving on Friday.

Pusan-PRC Car Ferry Scheduled To Start 23 Aug

SK0208082894 Seoul YONHAP in English 0724 GMT 2 Aug 94

[Text] Seoul, Aug. 2 (YONHAP)—A car-ferry route between Pusan and the Chinese city of Yantai, Shandong Province, opens on Aug. 23, the third of its kind between South Korea and China, the Korea Maritime and Port Administration (KMPA) said Tuesday.

The KMPA said that the 6,567-ton-class "Yellow Sea" will launch the service in a joint venture between Korea's Jinsung Corp. and Shandong Province Yantai Marine Shipping Co. the car-ferry can carry 300 passengers and 80 teus (twenty-foot equivalent units) of cargo.

The new route is the result of the first Korea-China maritime consultation meeting in Beijing last August. The two countries agreed a year earlier to open four car-ferry routes—between Inchon and Dalian, Inchon and Qingdao, Pusan and Yantai and Pusan and Shanghai.

Weidong Ferry Co, a joint venture car-ferry service between Inchon and Weihai, near Yantai, has been in operation since September 1990 but failed to meet demand.

Exports to EU Surpass 10 Billion Dollars in 1994

SK0308070694 Seoul YONHAP in English 0628 GMT 3 Aug 94

[Text] Seoul, Aug. 3 (YONHAP)—South Korea will see its exports to the European Union (EU) exceed 10 billion U.S. dollars this year for the first time, the Korea Foreign Trade Association (KFTA) forecast Wednesday [3 August].

KFTA statistics show that shipments to the region amounted to 4.84 billion dollars in the first half of this year, up 12 percent from the same period in 1993.

The upswing will continue for the last six months, supported by an accelerating economic recovery in the EU, the strong Japanese yen and good performances by the semiconductor, automobile, heavy and chemical industries, according to the association.

Meanwhile, imports from the EU, which expanded 22.8 percent to 6.18 billion dollars during the January-June period, are also predicted to ride the growth trend.

The EU was the country's fourth largest market behind the United States, Japan and ASEAN (the association of Southeast Asian nations) for the cited period as exports to the ASEAN countries rose 15.7 percent from a year earlier to 5.26 billion dollars, surpassing shipments to the EU for the first time.

President on 90-Billion-Dollar Export Goal

*SK0208042494 Seoul YONHAP in English 0307 GMT
2 Aug 94*

[Text] Seoul, Aug. 2 (YONHAP)—President Kim Yong-sam told Trade, Industry and Energy Minister Kim Chol-su Tuesday [2 August] that the government's export goal of 90 billion U.S. dollars for this year must be attained.

Minister Kim should talk to business people about the difficulties they face in exporting and help them solve their problems, presidential Spokesman Chu Ton-sik quoted the president as having told the minister.

"Big businesses have led the nation's export business so far, but the government must now take steps for small and medium-sized businesses to increase their exports for a greater share in the export market," the chief executive was further quoted as saying.

"Financial aid should be extended to small and medium-sized firms in a manner that they can ride the rising world trade trend of selling a large variety of items in small quantities."

President Kim gave the instructions after receiving Minister Kim's report on his recent 10-day tour of Southeast Asian countries to solicit their support for his bid to become director-general of the World Trade Organization (WTO) to be set up early next year.

He told the minister to do his best in the WTO director-general election.

Association Surveys Exporters on Expectations

SK0308021994 Seoul THE KOREA TIMES in English 3 Aug 94 p 8

[Text] A majority of exporters expect a business upswing later this year while about 34 percent of them predict a downturn, the Korea Foreign Trade Association said in a survey report released yesterday. The survey was conducted on 1,000 large, medium and small traders across the country in April and May.

The proportion of optimists, actually standing at 50.8 percent, is much higher than the 18.4 percent in 1992 and 45.6 percent of last year, according to the state-supported organization.

Happy exporters were particularly prevalent in the container and ceramic ware fields where the appropriate ratios ran at 75 percent and 70.8 percent, respectively.

As the most favorable factor expected to boost their exports, 34 percent cited the strong yen, 34 percent increases in overuses demand, 20 percent eased competition on the world market and 5 percent reduced trade conflict.

Slightly more than 60 percent of them worried about a lack of capability to meet overseas demand, especially due to shortages of raw materials, manpower and production facilities.

The exporters are not generally concerned over the conclusion of the Uruguay Round accord which is still irritating farmers. Those in the container, chemical, rubber and auto sectors are encouraged by the multilateral trade pact.

They are more vexed by gradually reinforced environment and technology regulations (57 percent), the inauguration of the European Union (15 percent) and the North American free Trade Agreement (14 percent) and increasing standards for working conditions (13 percent), the survey showed.

Following the losing of price advantages to newcomers like China, less than 45 percent of exporters think they still enjoy competitiveness.

As to their strong merits, 33 percent pointed to quality, 26 percent credibility, 25 percent prices, 15 percent quick and full shipments, and 1 percent good designs.

The profitability of local exporters is worsening, averaging just 62 percent of what they believe to be an optimum level.

Exports of chemicals, precision machinery, electronic home appliances, farm and marine produce and heavy and chemical goods bring profits above the average, whereas exports of light industrial goods, ceramics, textiles, toys and steel produce lower profits.

When it comes to technology, a high 63 percent regard Japan as the toughest competitor, 12 percent the United States 8 percent Italy and 6 percent Germany.

In the future, however, 62 percent believe that China will be the strongest rival in technological fields.

By-Election Turnout, Results Reported

SK0308010794 Seoul YONHAP in English 2354 GMT 2 Aug 94

[Text] Seoul, Aug. 3 (YONHAP)—The ruling Democratic Liberal Party (DLP) suffered a political setback as it lost two of the three parliamentary by-elections Tuesday.

The party won only in the Yongwol-Pyongchang district, Kangwon Province, where DLP candidate Kim Ki-su overwhelmed Sin Min-son of the main opposition Democratic Party (DP) by 23,625 to 8,803.

In Kyongju, North Kyongsang Province, Yi Sang-tu of the DP captured a narrow victory over the ruling party's Yim Chin-chul, with a vote of 16,289 to 15,768. Independent Kim Sun-kyu placed third with 12,700.

Hyon Kyong-cha of the splinter opposition New People's Party swept to victory in Taegu's Susong-A district, defeating Chong Chang-hwa of the DLP by 35,440 to 16,820. Hyon is the wife of former lawmaker Pak Chol-on, who lost his parliamentary seat after the Supreme Court convicted him of bribery in late June.

In the wake of its election setback, the ruling DLP is expected to face calls for a leadership reorganization, while the two opposition parties will step up their anti-government push over the coming parliamentary approval of the Uruguay Round accord and other political issues.

The first by-elections after the new election law went into effect were generally hailed as being the fairest and cleanest in the nation's election history.

Voter turnout in the three districts stood at 51.6 percent on average, breaking down to 63.1 percent in Yongwol-Pyongchang, 47 percent in Taegu's Susong-A and 49.7 percent in Kyongju. The figure was higher than the 49.5-percent average for the past three by- elections but far lower than the 75.2 percent recorded for the 14th National Assembly election.

'No Illegal Incidents' Reported

SK0308021294 Seoul THE KOREA HERALD in English 3 Aug 94 pp 1, 2

[By staff reporter Sin Yong-pae]

[Text] The ruling Democratic Liberal Party (DLP) suffered a surprising setback when it was defeated by opposition parties in the parliamentary by-elections held in Taegu and Kyongju yesterday.

But the DLP captured victory in Yongwol-Pyongchang district in Kangwon Province.

In Taegu's Susong-a district, Hyon Kyong-cha of the minority opposition New People's Party (NPP) emerged victorious after an easy battle with her rival DLP candidate Chong Chong-hwa.

With 48.3 percent of the votes counted as of midnight yesterday, Hyon had gained 16,111 votes while Chong obtained 8,453 votes.

Hyon, a political novice, is the wife of former lawmaker Pak Chol-on, who was elected in the Taegu district during the general election in 1992. Pak was deprived of his parliamentary seat because of the Supreme Court's conviction of him for bribery late in June.

In Kyongju, North Kyongsang Province, Yi Sang-tu of the main opposition Democratic Party (DP) won victory after an uphill battle with his nearest challenger, Yim Chin-chol of the ruling DLP.

Based on nearly complete returns, Yi gained 16,289 out of 49,101 votes cast while Yim garnered 15,768 votes.

At the beginning of the vote-counting, Yim and Yi were engaged in a seesaw battle with the former maintaining a razor-thin lead over Yi.

But the situation started to reverse in favor of Yi around 11:30 P.M. and from that time on, he maintained a slim lead over Yim.

It is the first time that a DP candidate for the National Assembly was elected in Kyongsang Province since the inauguration of the party in 1991.

In Yongwol-Pyongchang district, Kangwon Province, DLP candidate Kim Ki-su defeated his rival contender, Sin Min-son of the DP.

With 58.5 percent of the votes counted, Kim had gained 13,268 votes and Sin garnered 5,580 votes.

From the initial stage, Kim maintained a comfortable lead and was never in danger of being overtaken.

Voter turnout in the three districts stood at 51.3 percent on average, with 46.3 percent in Taegu, 49.7 percent in Kyongju and 63.1 percent in Yongwol-Pyongchang.

The voters' average participation rate in three separate by- elections last year was 48.9 percent. Turnout in the general election in 1992 was 71.9 percent.

The low voter turnout was attributed to the ongoing heat wave and the summer vacation season.

No illegal incidents related to voting took place and vote-counting was conducted smoothly without major interruptions, according to an election official.

The ruling and opposition parties alike hailed the by-elections as being the fairest and cleanest ever conducted in the nation's political history.

"Yesterday's by-elections served as a turning point in fostering a new electoral culture free from corruption," a political observer said.

Reporters suggested that there were no vote-buying activities by candidates and no government officials campaigning for ruling party candidates, prevailing practices that were common in past elections.

But the by-elections were marred by reports of blackmail by candidates in Kyongju and Taegu during the last stage of the campaign.

The elections were the first of their kind since the National Assembly legislated the new Election Law aimed at a fair and inexpensive election in March this year.

The elections were held to fill three National Assembly seats which fell vacant due to the death of two lawmakers and the conviction of Pak.

Voting began at 6:00 A.M. yesterday at 208 polling stations and ended at 6:00 P.M. Ballot-counting started at 7:30 P.M. in Yongwol- Pyongchang and Kyongju, and at 8:20 P.M. in Taegu.

Parties To Review Organizations

SK0308072694 Seoul YONHAP in English 0714 GMT 3 Aug 94

[Text] Seoul, Aug. 3 (YONHAP)—The ruling and opposition parties began seeking multi-faceted methods to construct lasting organizations, including strong leadership systems, on the basis of the Aug. 2 by-election results.

The ruling Democratic Liberal Party (DLP) is moving to conduct an overall review of the party's organization and leadership system after its poor showing in Tuesday's by-elections. The ruling party captured only one of the three National Assembly seats up for grabs.

Meanwhile, the main opposition Democratic Party (DP) is reviewing its internal structure in preparation for a strengthened organization and a merger of opposition forces. The DP gained victory in Kyongju city, North Kyongsang Province, even though it has a weak foothold there.

Despite its setback in Tuesday's polls, the ruling party accented the opening of a new road for electoral revolution, pointing out President Kim Yong-sam's instruction to achieve clean and fair elections without the involvement of party headquarters.

Nevertheless, the DLP is working out sweeping changes in the judgement that grave problems were encountered in selecting candidates and mobilizing party resources during the electioneering period.

The ruling party is expected to revamp its existing leadership system in the judgement that if it were maintained in its current form, the system would not ensure a good performance in local government polls next year and the general parliamentary election slated for 1996.

In particular, some lawmakers from Taegu and North Kyongsang Province are insisting that the party leadership assume responsibility for the DLP's poor showing in the by-elections.

The opposition DP, on the other hand, is in high spirits after its victory in Kyongju. The party had previously not held a single seat in North Kyongsang Province.

Placing great significance in having secured a bridgehead in the "wasteland," the DP plans to broaden its organization in preparation for next year's elections for provincial governments.

The party is also likely to strengthen its foothold in the central regions of the country, for example North Kyongsang and Kangwon Provinces, which are considered its weakest points.

Meanwhile, the minor new Democratic Party is planning to intensify its parliamentary presence following its victory in Taegu's Susong-a district. The party is expected to emphasize the formation of a parliamentary negotiating group by banding together as many independent lawmakers as possible.

Ministry Declines To Intervene in Labor Dispute

SK0308031694 Seoul YONHAP in English 0259 GMT 3 Aug 94

[Text] Seoul, Aug. 3 (YONHAP)—The Labor Ministry will not intervene for the time being in a labor dispute at Hyundai Heavy Industries Co. (HHI), hit by a 40-day workers' strike and a 14-day management lockout.

Labor Minister Nam Chae-hui disclosed Wednesday [3 August] that the ministry refused a request by HHI President Kim Chung-kuk made Monday for government action by invoking its emergency mediation rights and for police intervention.

"I confirmed the government position that the dispute should be resolved through negotiations between the company and the union without any intervention," he said.

Nam said that he advised Kim to accept as many of the union's demands as possible, but to stick to the principle of "no work, no pay."

The labor union of Korea's biggest shipbuilder is demanding a progressive retirement pay system, a 40-hour workweek, reinstatement of those fired for union involvement and equal union-management representation on the company's disciplinary committee.

In addition to Nam, Kim made requests Monday for government intervention to Senior Presidential Secretary for Economic Affairs Pak Chae-yun and Deputy Prime Minister Chong Chae-sok, insisting it is impossible to settle the dispute through negotiation.

Real Estate Speculation Probed, Tax Collected

SK0208075494 Seoul YONHAP in English 0702 GMT 2 Aug 94

[Text] Seoul, Aug. 2 (YONHAP)—The government announced Tuesday that it has conducted three tax probes into real estate speculation across the nation since the real-name financial transaction system went into a year ago.

As a result, the National Tax Administration (NTA) collected 160.8 billion won (about 200.5 million U.S. dollars) in penalty taxes from the 1,420 people who the NTA said speculated in real estate, according to the administration.

Shortly after the real-name financial transaction system took effect, the Kim Yong-sam administration expressed concern that the system might cause "black money" to flow from normal financial markets into the real estate market for speculative purposes, prompting it to investigate possible speculation.

A total of 998 NTA staff members working in 404 teams have participated in the investigations, according to the administration.

The NTA began investigating 1,040 possible speculators at first and has exposed a total of 1,420 offenders thus far.

It has charged four alleged speculators with violating the law on special measures for real estate registration and reported 31 others, who allegedly broke the law on real estate brokerage business or the housing construction expedition law, to the authorities concerned.

The administration also investigated 87 real estate brokers, who were allegedly involved in speculation or arranged unlawful real estate transactions, and collected penalty tax amounting to 4.3 billion won from them.

University Textbook's Ideological Content Probed

SK0208090394 Seoul YONHAP in English 0824 GMT 2 Aug 94

[Text] Seoul, Aug. 2 (YONHAP)—Seven or eight university professors are being investigated on suspicion that the textbook they co-wrote is beneficial to the enemy.

The Supreme Prosecutor's Office said Tuesday it is investigating the professors at a provincial university on suspicion of violating the National Security Law, as the textbook used for a liberal arts course had contents instigating class struggle.

Chief Prosecutor Choe Hwan of the office's Public Security Department said that, as a result of his office's analysis, the substance of the book—co-authored by nine professors—was found to instigate class strife and revolution by force. He said he had instructed a district prosecutor's office to launch an investigation two months ago.

At the same time, the prosecutor's office will look into the content of lectures by certain professors as "they must have some ideological problems," together with other books or articles contributed to the college paper.

The office revealed that the book was published a few years ago and was formally adopted as a textbook for the university's cultural program from last first semester.

Meanwhile, the Seoul District Prosecutor's Office has been instructed to probe the allegation made by Sogang University President Pak Hong that a South Korean student invited to study in North Korea on a scholarship later became a university professor.

PGO Plans To Strengthen Research Capabilities

SK0308014194 Seoul THE KOREA TIMES in English 3 Aug 94 p 3

[Text] The Prosecutor General's Office (PGO) is moving to strengthen its public security department to effectively crack down on leftist elements in society such as "chusapa," followers of North Korea's Chuche (self-reliance) ideology.

To this end, the PGO plans to increase personnel of its research team and field officers. The PGO will make a formal proposal to that effect to the Justice Ministry.

The PGO's move stems from the fact that it will be harder to investigate cases related to national security with the revision, scheduled for next January, of the law on the establishment of the Agency for National Security Planning.

In addition, it was learned that a societal trend, condemning the leftism, especially the kind advocated by student activists, is also behind the PGO's bold move to reinforce its security organization, once seen as a tool to control dissidents in previous regimes.

The PGO plans to treble the researchers, three at the moment, with five to six of them being devoted to analysis of leaflets, novels, and other literature disseminating North Korea's Chuche and leftist ideologies.

The researchers numbered as many as nine at their peaks during the previous regimes. With the launch of the Kim Yong-sam administration, they were reduced to a mere three, all but losing most of their edge.

In parallel, the PGO is also seeking to increase the number of public security investigators back to the level as stipulated by the regulations concerned.

Currently, public security divisions of the district prosecutor's offices are being run by a skeleton crew. For example, about 10 investigators, half of the required level, are stationed at the Seoul District Prosecutor's Office, having a hard time in documenting a vast amount of material.

The PGO plans to provide more funds for public security prosecutors and investigators to facilitate their information- gathering.

Korea Productivity Center Rates Labor Production

SK0308022194 Seoul THE KOREA HERALD in English 3 Aug 94 p 8

[Text] During the first quarter of this year, labor productivity in the mining, manufacturing and electricity sectors in creased by 8.9 percent from a year ago, statistics compiled by the Korea Productivity Center (KPC) show.

The growth rate was 1.8 percentage points higher than the 7.1 percent growth marked in the first quarter last year, an indication that the nation's industrial competitiveness is improving.

The productivity growth in physical terms was achieved as industrial production increased by 10.2 percent during the period while labor input edged up by only 1.2 percent, according to the tally released yesterday.

When measured in terms of value-added products, the growth rate was 8.4 percent. In the first quarter, gross domestic product (GDP) grew 10.2 percent by 1990 constant prices, while labor input increased 1.7 percent.

In physical terms, labor productivity in the manufacturing sector grew 8.7 percent, a bit lower than the average 8.9 percent growth rate but higher than the 6.9 percent posted a year ago.

The sector's productivity index stood at 144.4, meaning a 44.5 percent increase from the base index of 100 for 1990. Manufacturing output grew by 10.1 percent while labor input increased 1.3 percent.

In the case of labor input, the number of employees fell by 0.2 percent compared with a year ago, while the total working hours increased by 1.5 percent.

The mining sector registered a labor productivity growth rate of 1.4 percent while the electricity sector, referring to the nation's sole power generating corporation, Korean Electric Power Corp. (KEPCO), posted a 16.3 percent productivity growth, according to the statistics.

KEPCO has recently been selected as the most efficiently run state-funded corporations during the first half of this year.

An important measure of a nation's international competitiveness, labor productivity improves or worsens depending not just on the quality of labor but on such factors as technological innovations, capital input, plant operating ratios, energy consumption and management reforms.

Two Goldstar Companies Plan To Merge in 1995

SK0308022094 Seoul THE KOREA HERALD in English 3 Aug 94 pp 8, 9

[Text] Goldstar Co., the flagship of the Lucky-Goldstar Business Group, will merge with the telecommunication arm of the group, Goldstar Telecommunication Co. on Jan. 1, 1995, Goldstar Co. announced yesterday.

The directors of the two companies approved the plan to consolidate their companies in an effort to strengthen the group's multimedia business.

One common share of Goldstar Telecommunication will be traded in for Goldstar Co.'s 0.4 common share while one preferred share of the former will be swapped for 0.3879 share of the latter's preferred share.

The merger will result in an increase of Goldstar's paid-in capital from 490.8 billion won to 503.5 billion won.

Goldstar Co., which manufactures electric and electronic appliances and computer hardware, is restructuring itself to go all out for the multimedia business, a company spokesman said.

Goldstar Co. expects that its vertical integration with the telecommunication company will accelerate its focus on the multimedia business as it will take over mobile telecommunications technology into its own core video technology such as full motion video technology.

Goldstar Telecommunication, however, has seen a stagnant sales growth since the last 1980s when cutthroat competition forced the company to sell its main product line of telephones below the market value. The competitiveness of the company's mobile phones weakened as well, while the demand for key phones became sluggish.

The printed circuit board (PCB) business has been profitable since the company took it over from Goldstar Electric Co. following a merger in 1991. But the profits are far short of offsetting losses in the telephone equipment business, which constitutes 70 percent of the company's sales.

The company has tried in vain to improve its financial standing several times in the past. The accumulated loses have even eroded the company's capital.

Rumor has it that some shareholders of Goldstar Co. are opposed to the planned merger and are considering exercising their right to claims for stock purchases by the company.

The merger of two Goldstar companies is an isolated case in the Korean multimedia industry. In recent years, many multimedia companies have consolidated their alliances with each other in an attempt to take the lead in the world market.

DP Representative Questioned on Money Receipt

SK0308070094 Seoul YONHAP in English 0624 GMT 3 Aug 94

[Text] Seoul, Aug. 3 (YONHAP)—The Seoul prosecution asked Rep. Kim Sang-hyun of the opposition Democratic Party (DP) Wednesday [3 August] to reveal the details behind his receipt of money from a person indicted on suspicion of fraud.

Rep. Kim, who appeared before the prosecution voluntarily, was grilled on whether the money he received from Kim Mun-chan was a political fund used in seeking the post of party chairman or a "lobbying fund" designed to help Pak Song-chu, the former chairman of Pan-Ocean Shipping Co., maintain his management rights.

Kim Mun-chan, a former representative of a shipping company, gave 110 million won (137,000 U.S. dollars) to Rep. Kim in February 1993 and was arrested in July last year on suspicion of having defrauded Pak out of 10 billion won. He was released last February after being handed a verdict of "not guilty" in the first trial on the fraud charge.

Rep. Kim told reporters, "The money was not a political fund, but simply money I received personally from Kim Mun-chan, whom I have known for more than 15 years. There was a promise with him that I would return the money when I could afford to."

The prosecution will decide whether to take legal action against Kim after further investigation, prosecution sources said.

Consortium Formed To Finance Building Railroads

SK0308082594 Seoul YONHAP in English 0754 GMT 3 Aug 94

[Text] Seoul, Aug. 3 (YONHAP)—As many as 25 banking institutions from eight countries joined in forming a consortium Wednesday to help finance the construction of the proposed Seoul- Pusan high-speed railway, according to the Ministry of Finance.

The consortium, to be led by Banque Indosuez of France, will mobilize 2,337 million U.S. dollars—1,617 million dollars in export financing and 720 million dollars in commercial financing—to pay 16.3 percent of the railway's total construction cost of 11,455.4 billion won (about 14.4 billion dollars), a ministry spokesman said.

The rest will be financed by the National Treasury and bonds, according to the spokesman.

The overseas subsidiaries of seven South Korean banks joined the consortium by providing 206 million dollars or 8.8 percent of the total funding to be mobilized, said the spokesman. Among the participants are the Korea Development Bank, Korea Exchange Bank, the Commercial Bank of Korea, Korea First Bank, Cho Hung Bank, Hanil Bank and Bank of Seoul.

The foreign banks taking part in the consortium include seven French banks, five Japanese banks, two German banks and a bank each from the United States, Hong Kong, Belgium and England.

The export financing will have to be repaid in 18 years, including an eight-year grace period, with 6.25 percentage points in interest per year. The commercial financing must be repaid in 15 years including an eight-year deferment period on the Libor (London interbank offered rate) plus 0.57 percentage points, the spokesman said.

Defense Ministry Announces Officer Promotions

SK0308083894 Seoul CHUNGANG ILBO in Korean 3 Jul 94 p 2

[Report by Chong Son-ku]

[Text] On 2 August, the Ministry of National Defense finalized and announced the number of candidates to be promoted to brigadier generals and field grade officers in the Army, Navy, and Air Force as of next January. As for the case of brigadier general, the Army reduced the number of promotions from 46 last year to 43 this year. The Air Force reduced the promotions from eight last year to five this year, while the Navy maintained nine, the same as last year.

According to the revised military personnel regulation, effective in 1997, the retirement age for lieutenant colonels will be 53 in contrast to the current age of 49, and that for colonels will be 56 as opposed to 53.

The number of those to be promoted to colonel will be 180 in the Army, 48 in the Navy, and 48 in the Air Force. The number of those to be promoted to lieutenant colonel will be 500 in the Army, 110 in the Navy, and 145 in the Air Force. The number of those to be promoted to major will be 900 in the Army, 230 in the Navy, and 290 in the Air Force. Thus, these numbers are almost the same as last year's.

Real-Name Land Transaction System Planned

SK0308082194 Seoul YONHAP in English 0739 GMT 3 Aug 94

[Text] Seoul, August 3 (YONHAP)—The government plans to enforce a virtual real-name land transaction system effective next January in an effort to discourage real estate speculation.

To that end, the Kim Yong-sam administration intends to complete a computerized, comprehensive land network by year's end that will be operated in line with the real-name financial transaction system.

The plan was adopted Wednesday at a policy meeting presided over by First Vice Construction Minister Hong Chol and attended by officials from relevant government agencies including the Economic Planning Board and the Home, Finance, Agriculture-Fisheries and Trade-Industry-Energy Ministries. The National Tax Administration, the Forestry Office and the Korea Land Development Corp. were also represented at the meeting.

The meeting was convened to discuss means of preventing property speculation in the wake of the Constitutional Court's ruling last Friday that the special land profit tax law is inconsistent with the Constitution.

It was also decided to conduct a weekly check of land deals across the country, ferret out speculative transactions and thoroughly probe the income sources of suspected speculators.

Seoul To Import Garlic, Onions To Lower Prices

SK0308022294 Seoul THE KOREA TIMES in English 3 Aug 94 p 8

[Text] The government will begin marketing massive quantities of imported garlic and onions this month to put a brake on soaring prices, the Ministry of Agriculture, Forestry and Fisheries said yesterday.

Ministry officials said the government will also undertake additional imports of the two important seasoning vegetables if their prices keep going up.

According to the ministry's import plans, 50,000 tons of garlic will be imported into the country by October—30,000 tons by the end of August and the other 20,000 tons in the two months after that.

Brunei, Malaysia & Singapore

Malaysia

Mahathir 'Curious' About U.S. Apprehension

BK0108112094 Kuala Lumpur NEW SUNDAY TIMES in English 31 Jul 94 p 2

[Text] Kuala Lumpur, Sat.—Prime Minister Datuk Sri Dr. Mahathir Mohamed said today that he is curious to know the actual reasons for America's apprehension on the formation of the East Asia Economic Caucus [EAEC].

"I fear that behind all this is a bias and negative attitude toward us," he said at a press conference after opening the Gerakan [Malaysian People's Movement] General Assembly here.

He was asked to comment on a statement by U.S. Assistant Secretary of State for East Asian and Pacific Affairs Winston Lord here yesterday that the U.S. needed more details about the EAEC before committing itself.

Dr. Mahathir said ASEAN had made it clear that the EAEC would not become a trade bloc like the North American Free Trade Agreement (NAFTA).

"I want to know what it is that is causing the apprehension.

"Is it because we are Asians? Or that we abuse human rights? We have not been told," he said.

Asked whether a team would be despatched to explain more about the EAEC to U.S. leaders, Dr. Mahathir said: "If they want, we can send a team from ASEAN."

China Establishes Consulate in Sarawak

BK0308092594 Kuala Lumpur BERNAMA in English 0726 GMT 3 Aug 94

[Text) Kuching, Malaysia, Aug 3 (OANA/BERNAMA)—China has opened a consulate in this capital city of the East Malaysian state of Sarawak.

China's ambassador to Malaysia, Qian Jinchang, opened the consulate Wednesday and said it would enhance relations between Malaysia and China.

He said the consulate would enable more entrepreneurs and investors in China to visit Sarawak to look for business and investment opportunities.

Sarawak has big potential for future joint-venture projects with China, especially in engineering, construction and trade, he said.

Sarawak Deputy Chief Minister Wong Soon Kai, who attended the opening ceremony, said the consulate would help the Chinese to have better knowledge and understanding of Sarawak and enable investors to participate in the development of the state's manufacturing sector.

Help Offered to Upgrade Bruneian Armed Forces

BK0108123494 Kuala Lumpur NEW STRAITS TIMES in English 29 Jul 94 p 3

[By M. Jeffri Razali]

[Text] Kuala Lumpur, Thurs—Malaysia has offered its expertise to the Royal Brunei Armed Forces to upgrade and strengthen its capabilities.

Defence Minister Datuk Sri Najib Tun Razak said today that Malaysia could offer technical assistance to the Royal Brunei Air Force if it decided to buy British Aerospace (BAe) Hawk fighter aircraft.

Malaysia had offered to train its pilots and other technical support staff, he said, adding that they could also train on the Hawk flight simulator scheduled to arrive in September.

The mode of training and the number of personnel to be trained will be decided only if Brunei signs the purchase agreement.

"The scope of military cooperation between both countries in this respect will be expanded if Brunei goes ahead with the purchase plan."

Malaysia has bought 10 units of Hawk 100 twin-seater advanced jet-trainers and 18 Hawk 200 single-seater ground attack aircraft from BAe. The Royal Malaysian Air Force has taken delivery of eight Hawks so far. The rest will arrive in batches.

Najib said Malaysia would continue to train Royal Brunei Armed Forces personnel in various specialised fields.

Currently, several officers are being trained at the Royal Malaysian Navy's base in Lumut and the Royal Military College in Sungai Besi.

Najib was speaking to reporters at his office at Wisma Pertahanan [Ministry of Defense building] after presenting the honorary Panglima Gagah Angkatan Tentera [gallantry] award to Brunei's Chief of Defence Forces Pehin Datuk Indera Setia Major-General Datuk Paduka Sri Sulaiman Awang Damit.

The Panglima Gagah Angkatan Tentera is the highest award given by the armed forces. It was presented by the Minister on behalf of the Yang di-Pertuan Agong [paramount ruler] Tuanku Jaafar, who is the Supreme Commander of the Armed Forces.

The award was bestowed on Sulaiman for his role in fostering closer ties between Malaysia and Brunei through military programmes.

Sulaiman, who was trained at the Royal Military College (then known as Federation Malay College) in 1962, was appointed chief of defence forces in 1990.

Previous recipients of the award are Royal Jordanian Air Force chief Lieutenant-General Ihsan H. Shurdom, South Korean Army Chief Gen. Kim Chin-yong and Thai Army Chief Gen. Suchinda Khraprayun.

Sulaiman said Brunei wanted to expand its air force and hoped to learn from the experience of its neighbours in buying new equipment and fighter jets.

He said Brunei was still studying whether the jets used by its neighbours were suitable for its needs.

He added that the process of upgrading Brunei's air force was still in the planning stage and it had not made any offer or determined the types of aircraft to buy.

Government To Prosecute Cult Leader Upon Return

BK0108124894 Kuala Lumpur BERNAMA in English 0850 GMT 1 Aug 94

[Text] Kuala Lumpur, Aug 1 (OANA-BERNAMA)—The government will prosecute Al-Arqam leader Ashaari Muhammad if he returns to Malaysia, Prime Minister Dr Mahathir Mohamed said Monday.

The form of government action would be dependent on his actions contrary to the laws of the country, he said.

I think this time we have got all the evidence ... It is clear that they (Al-Arqam members) have deviated from the teachings of Islam. I think there is less reluctance to act against them now, he told reporters after opening the Perusahaan Otomobil Kedua (Perodua) Sdn Bhd [Private Limited] plant in Rawang near here.

Ashaari has been using Thailand as his base of operations since 1988 when he left Malaysia on a self-imposed exile but Thailand has ordered him to leave in a week after refusing to renew his visa which expired on July 20.

Dr Mahathir said the action to be taken against Ashaari would depend on the decision of the pertinent enforcement authorities, and that he could not elaborate.

He said it had been difficult for the government to take action against the movement in the past because there was insufficient evidence.

Furthermore, there have been groups which could not be convinced of the deviationist teachings the movement had resorted to, he said.

Now, they (the deviationist teachings) are clear. Herefore, I am convinced, action will be taken (against Ashaari), he said.

Meanwhile, writer Dr Kassim Ahmad said he was given to understand that the Al-Arqam movement has a [Malaysian ringgit] RM2,000 million fund to finance its activities worldwide.

Kassim, a former information chief of Tanjung UMNO [United Malays National Organization] division, said he gathered [word indistinct] from Arqam sources during his visit to Jordan and other countries in West Asia recently. (UMNO is one main component party of the ruling National Front).

With this kind of money, the movement could effectively finance its activities to create confusion among Muslims to fulfil the ambition of its leader, Ashaari Muhammad, he said.

Arqam could have received the money from outside sources, especially the neo-imperialists who definitely would not let go of a chance to topple the country's present leadership, he said.

Islamic Sect Request for TV Debate Rejected

BK0308011894 Kuala Lumpur Radio Malaysia Network in English 1300 GMT 2 Aug 94

[Text] Information Minister Datuk Mohamed Rahmat has rejected an Al-Arqam [Islamic sect] request to telecast live any dialogue between the movement and Pusat Islam [Islamic Center] and the National Fatwa [Islamic Advisory] Council.

He told reporters in Kuala Lumpur airing a dialogue on television will only make the people more confused on the issue. He said he was sure the people knew the teachings of Al-Arqam had deviated. He added that the ministry had compiled materials on Al-Arqam teachings for broadcast on television and for use by the other local media as soon as a ruling on the movement is issued by the National Fatwa Council, expected on Friday.

Datuk Mohamed said the government has the responsibility to lead members of Al-Arqam back to the correct path. Certain teachings of the movement are viewed as deviationist.

Singapore

Foreign Minister Outlines Disaster Relief

BK0208122394 Kuala Lumpur BERNAMA in English 0608 GMT 2 Aug 94

[By Ahmad Zukiman Zain]

[Text] Singapore, Aug 2 (OANA/BERNAMA)—Singapore's Foreign Minister Prof. S. Jayakumar Tuesday outlined three approaches that can help the United Nations address the phenomenon of increasing internal conflicts and growing humanitarian disasters.

The big and middle developed powers could provide the UN with commitments under the UN standby scheme to provide airlift, logistics and financial support so that UN peacekeeping operations can be launched quickly, he said of the first approach.

The second approach would require the UN to exercise quiet and discreet preventive diplomacy, to advise and assist states identified to be in danger of impending collapse.

The third approach was to build a new support base of countries willing and ready to assist the UN in peacekeeping matters, Prof. Jayakumar said in his keynote address at the opening of the conference on UNTAC: Debriefing and Lessons here.

He noted that in addition to the traditional big and middle powers which have made vital contributions in peacekeeping, a new group of active member states had emerged which were able to contribute their troops to UN peacekeeping operations. These include Spain, Uruguay, Malaysia, Indonesia, Turkey, Pakistan and South Korea, he said.

Small states like Singapore and Brunei have also chipped in with small contingents of civilian police in operations such as UNTAC (United Nations Transitional Authority in Cambodia) and UNIKOM (United Nations Iraq-Kuwait Observer Mission), he said. In this way, the peacekeeping burdens are spread more widely, he said.

Meanwhile, in a message to the conference, UN Secretary-General Butrus Butrus-Ghali said the successful United Nations' peacekeeping operation in Cambodia can provide lessons for future missions.

He said the UN efforts in resolving the long-standing political conflict in Cambodia involved new and unparalleled forms of international diplomatic action.

Massive in size, comprehensive in scope and precise in its mandate, UNTAC set a new standard for peacekeeping operations undertaken by the international community, he said.

About 50 participants and observers from the Association of Southeast Asian Nations (ASEAN)—comprising Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand—Japan, Vietnam, India, the United States, France and Australia are attending the conference, organised jointly by the United Nations Institute for Training and Research (UNITAR) and the Institute of Policy Studies (IPS) of Singapore

Indonesia

Editorial Views ASEAN Rejection of Rights

BK0308070494 Jakarta THE JAKARTA POST in English 26 Jul 94 p 4

[Editorial: "Trade and Right"]

[Text] The Association of Southeast Asian Nations member countries have formally rejected the inclusion of workers' rights, labor standards and environmental issues in international trade agreements. A joint statement issued at the end of the ASEAN Foreign Ministerial Meeting in Bangkok last weekend cited among the reasons for the refusal the possibility of market access restrictions and their impact on employment opportunities in developing countries.

The ASEAN members believe that the developed countries' move to link human rights and environmental issues with international trade agreements is a mere pretext for protectionism.

As has been known for some time, many Asian governments have grown more and more irritated in the last several years by what they see as the high-handed habit of forcing values and standards on Asian countries on the part of a number of developed nations.

Initially those Asian countries, which badly need market access and capital from the West, tended to bow under the pressure. Later, however, they became convinced that what they initially perceived as being a genuine concern over human rights and the environment was turning out to be a smokescreen to hide a plot to stamp out the growing threat of Asia's newly industrialized countries.

For one thing, while acknowledging that there is, indeed, a real concern among many Western communities and non-governmental organizations over human rights and environmental issues, these Asian countries believe that some Western countries are adopting a double standard in imposing their values.

The United States' failure to cut China's most favored nation trade status last June, after President Clinton was forced to bow to U.S. business pressure, has further convinced Asian countries that the United States' main concern is its national interests. This has encouraged other Asian countries to take a more hard-line stance on human rights and environmental issues.

One can expect that following ASEAN's hardened stance, confrontation will be the menu of the day in the weeks to come. Although we do not think that a full-scale trade war will start in the near future, one can expect that lengthy bickering may occur.

A trade war aside, our concern is the possible impact on our human rights movement of the newly decided ASEAN common stance on the human rights issue. It is no secret that in the past some of our human rights activists relied rather heavily on international pressure in the belief that such nudging would move the government to improve our human rights condition.

Such a notion may have been correct a few years ago, but of late we have seen that the government has tended to ignore such nudging, perhaps because of a growing confidence that the so-called "international pressure" is nothing but the roar of a paper tiger. For example, a few months ago nobody would have believed that with the APEC [Asia-Pacific Economic Cooperation] Summit due to be held here in November the government would dare to clamp down on the press.

Moreover, such an international linkage has its drawbacks: It has caused the authorities to question the validity and "honesty" of the human rights movement here, and to suspect that it could be a vehicle for undermining national stability.

However, one should not forget that in the last several years there have been many improvements in the human rights condition here. Thus we believe that a real political will exists in the government to improve the human rights condition in Indonesia.

What we hope to see most, given the apparent prevailing symmetry in principle, is our commonly shared ideal of a just society achieved without unnecessary delay or shocks.

Former Envoy To U.S. Views GSP 'Threat'

BK0308021194 Jakarta ANTARA in English 1658 GMT 2 Aug 94

[Text] Jakarta, Aug 2 (OANA-ANTARA)—Indonesia should not worry about the United States lifting the GSP (Generalized System of Preferences) facility for Indonesian exports because it is not likely to happen, a former Indonesian ambassador to the United States believes.

"I think the United States will not revoke the GSP facility for our commodities because it has an abiding interest in trade with Indonesia," former ambassador to the United States A.R. Ramly told reporters here Tuesday.

He said many factors would prevent the United States from lifting trade privileges for Indonesian exports. The factors included the improved conditions of Indonesian labour and the possible attendance of President Bill Clinton at the forthcoming Asia Pacific Economic Cooperation (APEC) summit scheduled for November 1994 in Indonesia.

Washington threatened to scrap Indonesia's trade privileges under the Generalized System of Preferences (GSP) should it fail to improve conditions for its workers at home.

It gave Indonesia until last February to effect significant improvements in its labour conditions but eventually extended the deadline by six months.

According to the Trade Ministry Indonesia's exports enjoying the GSP facility in 1992 were valued at 643 million U.S. dollars, accounting for more than 14 percent of its total non-oil/gas exports to the U.S. in the same year.

"The U.S. threatened to lift the GSP facility for Indonesian exports because it wanted Indonesia to improve its labour treatment record. Indonesia did improve its labour system not because of the U.S. threat. As a matter of fact, the U.S. had no right to meddle in our labour system. If there is any outside party having such a right it would be the ILO (International Labour Organisation) and not the U.S.," he said.

"If the U.S. insists on lifting the GSP for Indonesian exports, it means Washington does not appreciate our efforts," Ramly said.

Asked about Singapore's wish to join the North American Free Trade Area (NAFTA) although it was already a member of AFTA (ASEAN Free Trade Area), Ramly said this was understandable because the island republic had been conducting free trade with North American countries for a very long time.

"It would be very good for Singapore to join NAFTA because AFTA which has bound itself to ASEAN's Common Effective Preferential Tariff (CEPT), will become a free trade area only in the next 15 years," he said.

"As a country with the fastest trade growth among ASEAN countries, Singapore deserves to join NAFTA," he said.

Forces Information Chief Defends East Timor

BK0208144094 Jakarta KOMPAS in Indonesian 21 Jul 94 p 18

[Text] Jakarta, KOMPAS—The head of the Indonesian Armed Forces [ABRI] Information Department, Brigadier General Syarwan Hamid, stressed that certain groups are constantly creating a political scenario whenever an incident emerges in East Timor. They depend on the strength of the mass media to support their political activities to create a global opinion in connection with their struggle.

On 20 July, Brig. Gen. Hamid, accompanied by Brig. Gen. Affifudin Taif, head of the Army Information Service; Colonel Toto Laksito, head of the Navy Information Service; Colonel (Air) Pariyanto, head of the Air Force Information Service; Brig. Gen. (Police) I.K. Ratta, head of the Police Department Information Service; and Rear Admiral Yuswaji, the public relations chief of the Navy Information Service in the Department of Defense and Security's Kermalugi [preceding word unknown] said to reporters "We must not simply evaluate every incident which happens in East Timor."

The Army Information Department chief again clarified the East Timor incident when asked by reporters about the numerous comments on the official clarification issued by the Armed Forces Information Service and the Foreign Ministry's Information Directorate last Thursday. One of the comments came from Drs. [academic title] Bratasudarma SJ [Master of Law], East Timor University rector, who stated that the clarification issued by the two agencies was "not at all true".

According to Syarwan, there were statements that the Armed Forces Information Service had deliberately delayed issuing a clarification on the incident which happened at East Timor University on 13 and 14 July. In addition to issuing an official clarification, the Armed Forces Information Service needed to perform a detailed check on every incident which happened. He said "We cannot simply react. The official clarification was issued only after all considerations were taken into account."

On the other hand, the foreign media highlighted news based on certain unconfirmed sources without checking credibility. He said "We are not as fast as they are. For example, they wrote conflicting reports on a simple injury. We need to check every incident to confirm its credibility." According to him, the East Timor issue will definitely continue to exist because of the blow-up [preceding word in English] in reporting by local and foreign sectors for their own political benefit.

The head of the Armed Forces Information Service also clarified that it was not logical or possible concerning the news which stated that the security apparatus began to "attack" the demonstrators. Bratasudarma SJ, rector of East Timor University, stated in his written clarification that the security apparatus started the physical clash and not the demonstrators. Syarwan Hamid, however, denied that this ever happened.

The Armed Forces Information Service chief asked "Is it logical for the security apparatus to take such an action, and for what reason? Following its doctrine and philosophy, ABRI would never undertake such unpraiseworthy action."

According to him, extra care and caution was used in connection with the East Timor issue due to its situation in the region. Syarwan said "We are extra careful in dealing with an issue when it emerges. Even a 'ranking' official will not be spared from termination if a slight mistake is committed—let alone other officials."

Touching on other issues, the Armed Forces Information Service chief reminded that currently anti-RI [Republic of Indonesia] elements exist within and outside the country. In trying to curtail their activities, the government's representatives in foreign countries have established better cooperation with their friendly hosts." The Malaysian Government's action to denying the holding of a meeting or seminar on the East Timor issue was a sympathetic consideration. "This was because of our good relations," Syarwan said.

Attempt To Set Up Islamic State Confirmed

BK0308093694 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 3 Jul 94

[Text] Armed Forces Commander General Feisal Tanjung has confirmed that the authorities are currently conducting investigations on 117 people in Pandegelang, West Java, suspected to to be involved in activities that are opposed to the Pancasila state ideology. They are attempting to set up their own state. General Feisal Tanjung was speaking to newsmen before the start of a limited coordinated meeting for ministers in charge of economy, finance, and industry at Bina Graha Presidential Office in Jakarta today.

The Armed Forces commander was making a formal statement on the alleged investigation being conducted on 117 people in Pandegelang, who are attempting to set up an Indonesian Islamic state.

Responding to newsmen, the Armed Forces commander said they are still carrying out feasibility studies to fulfill their wish to set up their own state, but this is connected with the attempt to establish an Islamic state.

On the implementation of a neighborhood security system at sea as proposed by Sarwono Kusumaatmaja, minister of state for environment, the commander said that initially, an experiment on naval patrol operations will be carried out in waters around the Seribu Islands.

Reportage on Upcoming Party Elections

Official: ABRI 'Will Not Meddle'

BK0208151094 Jakarta ANTARA in English 1408 GMT 2 Aug 94

[Text] Purwokerto, Aug 1 (ANEX/ANTARA)—A senior military officer assured on Monday that the Indonesian Armed Forces (ABRI) will not meddle in the election of a chairman of the Muslim-based United Development Party (PPP) at the party's congress in Jakarta later this month.

"We will let PPP determine its own fate. We will not question whoever will be elected as the party's chairman because the election of chairman is the party's internal affair," said Major General Hari Sabarno, assistant to the Army Chief of Staff for Social and Political Affairs.

If outsiders interfere in the party's election process the congress will bog down rather than reach an agreement because each faction in the party would then maintain its candidate as happened at the Indonesian Democratic Party (PDI) congress last year, he said.

PPP Chairman Ismail Hasan Metareum and Secretary General Matori Abdul Hasan have emerged as strong candidates for the post of PPP chairman for the next five-year term.

The incumbent Ismail Hasan currently appears to have the upper hand in the run-up to the election to be held at the party's congress scheduled for the end of August in Jakarta. He has already secured the support of leaders of many provincial chapters.

Matori is counting on the support of the Nahdlatul Ulama which is by far the largest of the factions in the party and believed to intent on securing the party chairmanship.

Sabarno said as a defence and security force, ABRI must prevent other camps from disrupting the congress, so that it would play its role as security guard instead of decision-maker during the congress.

ABRI would not question whoever would be elected as PPP chairman at the forthcoming congress but expect the party's chairman-elect to be able to unite all potentials and make PPP a strong party, he said.

Minister: Government Not To Meddle

BK0308015294 Jakarta ANTARA in English 1641 GMT 2 Aug 94

[Text] Jakarta, Aug 02 (ANEX-ANTARA)—Coordinating Minister for Political and Security Affairs Susilo Sudarman said here Tuesday that the government would not interfere in the affairs of the United Development Party (PPP) which will elect a new chairman at its congress later this month.

He also stated the government knew nothing about the setting up recently of a Nahdlatul Ummah [followers of Islamic religion] group.

The Nahdlatul Ummah has been billed as a "New NU", resembling the initials of the existing Nahdlatul Ulama, the biggest Islamic organization.

"The government is not aware (about the new group) and will not interfere in PPP's affairs," he said.

The "New NU" was set up at a gathering last Saturday by A.M. Saifuddin, a parliament member, Hadimulyo, an MPR (People's Consultative Assembly) member, Saleh Khalid, chairman of the Generasi Muda Pembangunan Indonesia (Indonesia's Younger Generation for Development) and Yusri Irza, a lecturer at the University of Indonesia.

Susilo Sudarman appealed to PPP members to safeguard the unity of the party and the whole community.

The minister would not comment on whether the new NU could become a new element in the PPP and a problem for the party.

Minister Discusses Foreign Investment Prospects

BK0308063594 Jakarta THE JAKARTA POST in English 28 Jul 94 p 1

[Excerpts] Jakarta (JP)—Foreign investments are expected to more than double to U.S. $20 billion this year from the U.S. $8.1 billion last year, State Minister of Investment Sanyoto Sastrowardoyo said. [passage omitted]

Last year's figure on foreign investment indicated a sharp decline from $10 billion in 1992.

Sanyoto, who is also chairman of Investment Coordinating Board (BKPM), said that domestic investments are likely to increase sharply this year as well.

Domestic investment commitments approved in the first seven months of this year have reached Rp [rupiah] 33.2 trillion, he added.

Affected by the impact of the government's tight money policy, domestic investments steadily declined from Rp 56.5 trillion (U.S.$26 billion) in 1990 to Rp 41 trillion in 1991 and to Rp 29.3 trillion in 1992 before increasing back to Rp 39.4 trillion last year.

"I am very optimistic that investment commitments will continue increasing in the future, thanks to a series of deregulatory measures introduced by the government in the last few years," Sanyoto said. [passage omitted]

However, Sanyoto acknowledged that long licensing procedures in local administrations have remained the main problem for investors.

Sanyoto said this year's BKPM's programs will also include the promotion of business expansion in eastern provinces of the country. "North Sulawesi, for example, will have two new cement plants that will become operational next year with a total production capacity of 1.75 million tons a year," he said, adding that a U.S. company also plans to set up a coal-fired power plant with a capacity of 110 megawatts (MW) in North Sulawesi.

These projects are expected to spur economic growth in the eastern part of the country and to support cooperation among Indonesia, Brunei, the Philippines and Malaysia under a scheme called the East ASEAN Growth Area (EAGA).

He said an oil refinery will also be set up in Irian Jaya later this year.

The minister said BKPM will also improve the management of its provincial offices because many investors have violated regulations due to lack of control.

Investment Totals Prompt Economic Fears

BK0308095294 Jakarta ANTARA in English 0812 GMT 3 Aug 94

[By Andi Abdussalam]

[Text] Jakarta, Aug 3 (OANA-ANTARA) - After recovering from a drop in 1993, investment in Indonesia in the first half of this year rose to a remarkable U.S. $30 billion, causing fear that it could cause the economy to overheat as happened in 1991.

Rebounding from U.S. $22.4 billion in 1993, this year's investment figures—which as of July reached Rp. [rupiah] 33.4 trillion (U.S. $15.3 billion) in domestic and U.S. $14.7 billion in foreign schemes—are comparable to the U.S. $31.5 billion invested in 1990 which led to economic woes.

"I am concerned about the possibility of the economy overheating as it did in 1991 when investment underwent a huge increase but infrastructural facilities did not support it," Investment Minister Sanyoto Sastrowardoyo told the alumni of the Bandung Institute of Technology last week.

But experts say there is no need for concern as the current investment climate is different from that in 1991.

The national economy in 1991 became overheated because huge investments approved by the government in the previous year were not accompanied by the development of infrastructure such as roads, ports, and power supply.

The investment projects approved by the government in 1990 were worth U.S. $31.5 billion consisting of Rp. 51 trillion (U.S. $23 billion) in domestic and U.S. $8.5 billion in foreign schemes.

As a result, at least 1,000 new factories could not operate due to lack of power. At the same time, bank credits were flooding the economy which boosted inflation, resulting in a massive wave of bad debts.

Minister Sastrowardoyo's concern over this year's sharp increase in investment is understandable in that he says the increase must be balanced with sufficient infrastructural development.

"Foreign investment alone is expected to reach U.S. $20 billion this year which is the highest amount in Indonesia's foreign investment history," he said.

He said that the drastic increase in foreign investment was boosted by a series of deregulatory measures introduced by the government over the past few years.

Will the drastic increase in investment cause the economy to overheat? Economist Anwar Nasution is convinced that the 1991 experience will not be repeated at least in the near future.

According to Nasution, sufficient infrastructural facilities exist in 1994 to support investment projects, saying that the situation now is far different from that in 1991 when investment was huge, but supporting facilities were few.

"The situation in 1991 was almost the same as that in 1988 when the government introduced deregulations in the real and banking sectors but did not set limits on how much credit a bank could extend," Nasution was quoted by the daily KOMPAS as saying.

As a result, he said, the banks issued credit without limitation.

The situation was made worse by lack of infrastructure and the introduction in 1991 of a prudent banking regulation and tight monetary policy which caused bank interest rates to skyrocket.

But the situation now is different. National banks are undergoing consolidation. Regulation to limit the amount of credit a bank can safely provide already exists.

"I am convinced that the banks will not be eager to issue excessive credit when they are aware of the huge amount of credit that is non-performing today," he added.

Besides, there is sufficient electricity and more roads than there were in the past. "There are many power projects underway which are expected to be in operation in about two years," Nasution said.

By the year 2000, the government will provide 13,000 MW [megawatts], while private firms will supply some 10,000 MW to meet the people's daily electricity needs.

With enough infrastructure, increasing investment is unlikely to cause the economy to overheat. Moreover, the investment which has recorded the biggest increase this year is in foreign schemes.

Foreign investment, however, is unlikely to increase as drastically in the future. "I do not think investor countries such as South Korea, the United States, Europe, and Japan have enough money to invest overseas as they are also badly in need of funds to restore their own economies," Nasution said.

Thailand

Conclusions Drawn From ASEAN Meeting

BK3107094594 Bangkok SIAM POST in Thai 30 Jul 94 p 4

[Commentary by Arun Lanlua: "Conclusion From Discussions Between ASEAN and Its Dialogue Partners"]

[Text] The calls by ASEAN and its dialogue partners for human rights improvements in Burma and East Timor, and for peace in Cambodia were based on self interests.

What should Thailand adopt as a stance now that it has witnessed the outcome of the ASEAN Regional Forum between ASEAN foreign ministers and ASEAN dialogue partners the United States, Canada, Australia, New Zealand, Japan, South Korea and the European Union on 26 July at the Shangri-La Hotel?

The discussions on the situation in Southeast Asia and East Asia on peace in Cambodia, the human rights situation in Burma, nuclear nonproliferation, and problems in the South China Sea all reflect that the dialogue partners attention is drawn to the problems of Cambodia and Burma. There was an appeal to help the elected government in Cambodia in all aspects of development.

Why did the United States and Australia need to ask for ASEAN support to improve the Armed Forces of the Government of Cambodia and for all forms of sanctions against the Khmer Rouge?

Improving an Army means giving it weapons, and this will only prolong the fighting and be tantamount to indirect interference in Cambodia's internal affairs.

Thailand's stand seems to be most appropriate; it proposed that assistance to Cambodia by any country must be limited to political aid only, and disagrees with any attempt to solve the problem by military means.

On the human rights situation in Burma, the United States and several other countries disapproved of Thailand's invitation to Burmese Foreign Minister U Ohn Gyaw to attend the ASEAN meeting, although it was an ASEAN consensus.

It is easier to solve problems through dialogue or exchanges of views; it is therefore better to give Burma a chance instead of blocking out of prejudice, as felt by the United States.

The problem in Cambodia will never be solved because of interference from world powers seeking to establish influence and gain interests there. They never allow the Cambodian people to solve their own problems.

Questions that need to be asked: Why did the United Nations allow an election to be held in Cambodia in May 1993; and why did the Khmer Rouge decide to boycott that election, a decision described by the United States, Australia, and Japan as a violation of the October 1991 Paris Peace Accord.

If world powers like the United States and other Western countries do not try to answer these questions, but on the other hand insist upon helping the Cambodian Government develop its Armed Forces, it will surely revive a genocidal war.

Thai Prime Minister Chuan Likphai appealed to the military government in Burma to solve the problem of Aung San Suu Kyi and human rights.

It is now up to Burma to decide to what extent it will take the appeal into consideration. Certainly, Burma will seek to adjust itself to the outside world, otherwise it will be left in isolation as in the past and will never be able to survive.

On a previous occasion, Thailand did allow a group of Nobel Peace Prize laureates, including the Dalai Lama, to use Thailand as a venue for their campaign to acquire the release of Aung San Suu Kyi, leader of the National League for Democracy and the human rights movement in Burma.

Aung San Suu Kyi, who won the election of 27 May 1990, was denied power by the Burmese junta under the name of the State Law and Order Restoration Council, which took power in 1988. It even put pressure on her and cracked down on dissident politicians and students who supported her.

The long house arrest has weakened her physical strength as well as her ideological struggle, and thousands of other politicians are under detention now.

Thousands of students fled the country, several hundred to Thailand, putting the country itself in a difficult situation.

Prior to and during the ASEAN meetings from 22 to 29 July, Thailand allowed non-governmental and human rights organizations to hold activities in support of the human rights movement in East Timor, against Indonesia and Burma, something other ASEAN countries would not risk doing.

From 31 May to 4 June, the Philippine Government allowed an Asia-Pacific conference on East Timor to be held in Manila.

As a result, there was a reaction from the Indonesian Government. The Indonesian ambassador in Manila had been told to protest to the Philippines over interference in the internal affairs of anther country. The incident has affected relations between the two countries.

We can see that what counts most for Western powers as well as others in the ASEAN group is their own interests.

It is unbelievable, before Burma has made up its mind about changes in the country, that Thailand, as host of the ASEAN conference, put forth its initiative to invite Burmese Foreign Minister U Onh Gyaw to attend the conference so that Burma can be given a chance to make its position known to the outside world, especially to the United States.

Thailand itself should not expect more than the fact that the ASEAN meeting only gave it a chance to learn about the attitudes of its neighbors in the ASEAN grouping and its dialogue partners.

The only thing which counts is the interest of each country.

And certainly, for all Thai people, they also want their government to adopt a foreign policy which places national interests above all.

Editorial Criticizes UN Action on Haiti

BK0208133994 Bangkok BANGKOK POST in English 2 Aug 94 p 4

[Editorial: "UN Shows Itself To Be a Pawn of the Big Powers"]

[Text] The all-too-obviously impending United Nations-sanctioned U.S. invasion of Haiti bodes ill for all concerned—beginning but hardly ending with the hapless, woebegone people of Haiti. For starters, let's be frank: The invasion will be a U.S. one. "It is folly for us to believe that simply removing two or three people will give Haiti a chance to make it," U.S. President Bill Clinton said last week, adding that he is "more determined than ever to see that they have a change of leadership down there." Last October we cautioned that gunboat diplomacy in Haiti would be Mr Clinton's folly. All we can say now is: Mr Clinton ought to know a thing or two about folly.

Just as a stopped clock shows the correct time twice a day, people who are otherwise obtuse or even despicable can sometimes show insight into a situation. To wit, some of the recent lines spoken by the villains in this piece. Military-installed Haitian "president" Emile Jonassaint: "The entire world has declared war on Haiti." Former parliamentary leader Antoine Joseph: "I'm afraid Haiti is going to become a new Somalia ... If Aristide is restored to office by a foreign intervention, he is finished. He will be a puppet with no moral authority in the eyes of the Haitian people." Former Haitian president Leslie Manigat: "It was a failure of Haitian decision-makers, of Aristide's policy ... failure obviously of U.S. diplomacy, and failure of the UN of course, which is on a very dangerous path far from the hope placed in it in 1945."

It is about time we all woke up and smelled the geopolitical coffee, and stopped placing hope in the United Nations. We might excuse Indian prime minister Jawaharlal Nehru for having placed hope in the United Nations way back in 1948, when perhaps fewer people knew better. Nehru, writes author Ajit Bhattacharjea in KASHMIR: THE WOUNDED VALLEY, "managed to combine awareness of REALPOLITIK with continuing naivete." Nehru took the complicated matter of the status of the state of Jammu and Kashmir to the UN.

India—not to mention the people of Kashmir—has regretted it ever since. Today Kashmiris, most of whom want only to be left alone to manage their own affairs, are caught between the rock of India and the hard place of Pakistan. As Bhattacharjea writes: "Nehru's threat to enter Pakistan territory had little effect. Pakistan was not deterred. After first denying complicity in the invasion, it later admitted sending in regular troops. The Security Council took its time. A commission landed in Kashmir six months later. No condemnation of Pakistan followed. The focus shifted to arrangements for a plebiscite regulated by the UN, the start of a long, tortuous debate."

Why did the UN take no effective or helpful action regarding Kashmir? Because it was shackled to the interests of the big powers. Nehru believed, writes Bhattacharjea, that "diplomatic reports suggested that if Pakistan was willing to cooperate with the U.S. in providing military facilities against the Soviet Union, Washington might support it on Kashmir." Concluded Nehru: "The USA and the UK have played a dirty role." The effects are still being felt on the ground in Kashmir, whose people have good cause to be suspicious of any and all outsiders bearing gifts.

The U.S. interest at this late point in the festering Haiti fiasco is to put an end to its own self-inflicted great embarrassment, and to assert yet again its unchallengeable hegemony in the western hemisphere. In other words, the U.S. is most unlikely to assist in restoring to anything like genuine power Haiti's rightful president, Jean-Bertrand Aristide, the man who wrote: "We all live under a system so corrupt that to ask for a plate of rice and beans every day for every man, woman and child is to preach a revolution." Be assured, the average Haitian will not be much if any better off. If Washington really meant what it said about democracy and restoring Aristide, then why hasn't it been much tougher much sooner with the junta led by General Raoul Cedras.

The words of the character Dr Magiot in Graham Greene's classic 1966 novel THE COMEDIANS remain as timely as ever. Asked "Do you despair of any future?" he replies: "No, I don't despair, I don't believe in despair, but our problems won't be solved by the Marines. We have had experience of the Marines.... We are an evil slum floating a few miles from Florida, and no American will help us with arms or money or counsel. We learned a few years ago what their counsel meant."

Chuan Insists Evidence Needed in Watthana Case

BK0208102694 Bangkok THE NATION in English 2 Aug 94 p A8

[Text] Prime Minister Chuan Likphai insisted yesterday that Thailand needed to see evidence from the United States before deciding to raising drug charges against deputy Chat Thai leader Watthana Atsawahem.

Chuan was responding to a U.S. statement that Washington was willing to provide additional information and assistance if the Thai authorities opened investigation into drug charges against Watthana.

"The point is that if we are to take legal action against somebody, we need to acquire evidence which also has to correspond with our legal system," said Chuan.

A U.S. diplomatic source, asked last week whether the U.S. government would provide additional information on Watthana without a promise from the Thai side to take action, said the content of the U.S. statement "speaks for itself".

Meanwhile, Chat Phatthana leader Chatchai Chunhawan yesterday called on Prime Minister Chuan to settle a "misunderstanding" between the U.S. Embassy and Watthana before the issue ruined bilateral relations.

Former prime minister Chatchai said if Chuan does not intervene, Thai-U.S. relations will be adversely affected. He said the issue is unprecedented and Chuan must act quickly to defuse the conflict. Earlier this month, the U.S. Embassy here confirmed that Watthana was denied an entry visa because there was reason to believe he'd been involved in drug trafficking.

During last week's no-confidence debate against four Cabinet ministers, Foreign Minister Prasong Sunsiri, in a closed-door meeting, accused Watthana of having been involved in trafficking drugs to the U.S.

The accusation prompted opposition members to lash out at Prasong, saying he should have provided hard evidence to support his allegations. They claimed Prasong was trying to destroy Watthana's political career.

Watthana, who has denied the charges, threatened to file lawsuits against Prasong. He has already sued U.S. Ambassador David Lambertson and the Director of the U.S. Information Service, John Reid.

Official: No Action Taken

BK0308045094 Bangkok BANGKOK POST in English 3 Aug 94 p 6

[Text] The Justice Ministry has not taken any action against Chat Thai Party deputy leader Watthana Atsawahem because no evidence has been forthcoming to support the U.S. allegations that he has been involved in the drug trade for 20 years.

Justice Minister Sawai Phatthano said the matter would not reach the Justice Ministry for some time and it was up to police to take action first should there be any evidence.

"Without evidence, it is just a matter of endless comment, which is not good and is very damaging to Mr Watthana," he said.

Mr Sawai said he did not know the facts of the allegation but if it involved something which happened 20 years ago, then the lifespan of the criminal offence may be over.

"Such a case would depend on if there is real evidence to prove the offence and how long ago it happened. There is no discussion at this time on the evidence or witnesses."

Mr Sawai said he did not know if the Office of the Narcotics Control Board (ONCB) or Interior Ministry had any evidence.

The minister said opposition members who have done nothing wrong need not worry that the Government would reveal a list of opposition MPs suspected of drug trafficking.

"If there are facts then anything could be exposed. If not, then it is just groundless accusations and need not cause concern. No one can use evidence to incriminate a person who has done nothing wrong."

Foreign Minister Prasong Sunsiri, who revealed the US allegation in the House, yesterday rejected the claim by Phalang Tham deputy leader Krasae Chanawong that the announcement was not part of a Phalang Tham plan but was part of the Foreign Minister's plan.

"I place no importance on people who have no position," he said of his party colleague.

Sqn Ldr [Squadron Leader] Prasong said he considered the matter of the disclosure ended as he had already done his duty.

"I was not the one making the allegation against anyone. I had just received additional information from the U.S. (on Mr Watthana) and many people wanted the Foreign Ministry to do its duty and explain the matter."

The Foreign Minister said it was not the duty of his ministry to prosecute drug suspects but that of the Office of the Narcotics Control Board.

He also said he was not worried that few of his fellow Phalang Tham members had defended him against criticisms from the Opposition.

"I already told you we should not pay attention to those who do not have a position," he said.

Continued Reportage on Situation in Cambodia

U.S. Assistance Disagreed With

BK0208110094 Bangkok SIAM POST in Thai 2 Aug 94 p 4

[Editorial: "Cambodian Civil War"]

[Text] The arrival 44 U.S. demining experts in Cambodia is the sign of another civil war in that country. These specialists will start their mission of training Cambodian military personnel and helping develop the Cambodian Armed Forces in the next few days.

In addition, the U.S. Government, instead of providing weapons and war equipment to Cambodia, has also allocated more than 20 million baht to finance the development of the Cambodian Armed Forces in line with the call made by the U.S. assistant secretary of state and the Australian foreign minister during the ASEAN meeting in Bangkok last week.

Australia and several other Western countries will be sending military experts to help develop the Cambodian Armed Forces in compliance with the request made by the Cambodian Government in May. Such action completely contradicts the Cambodian peace plan signed by UN member countries in Paris in 1991.

It should be noted that the Khmer Rouge radio has come up with a prompt reaction. On 27 July, Khieu Samphan, leader of the Khmer Rouge provisional government, stated on Khmer Rouge Radio that they also have the right to seek military aid from third countries to defend themselves from aggression.

The Khmer Rouge leader also urged the United States, Australia, and France to stop helping develop the government's Armed Forces because they fear that the Armed Forces will not be used to secure peace in Cambodia, threatening that the Khmer Rouge provisional government will also use its right to buy weapons and seek military assistance from other countries.

However, most of the ASEAN foreign ministers attending the annual meeting in Bangkok from 22 to 28 July did not agree with the United States, Australia, and other countries in providing military assistance and training to help increase the military strength of the Armed Forces of the Phnom Penh government because it constitutes interference in the internal affairs of that country.

Thai Prime Minister Chuan Likphai said he does not agree with foreign military assistance for Cambodia. Instead, foreign countries should help the Cambodian Government strengthen its political stability.

Suffice it to say that the assistance provided by the United States, Australia, France, and other countries for the development of the Cambodian Armed Forces is a sign of the outbreak of another genocidal war in Cambodia, and it can also lead to conflicts between Cambodia and its neighboring countries, also.

Cambodia Said To Have ASEAN Potential

BK0208131394 Bangkok THE NATION in English 2 Aug 94 p A6

[Article by Marisa Chimprapha: "Cambodia Has the Ingredients To Be in ASEAN Club"]

[Text] Laos and Vietnam, which now enjoy Asean observer status, may learn that Cambodia will beat them to full membership of the regional grouping once the country becomes an observer.

There was much optimism at the just-concluded annual ministerial meeting that Cambodia could be granted observer status by next year.

After the diplomatic set back in failing to apply for observer status this year, Cambodia's Foreign Minister Prince Norodom Sirivut attended the Asean meeting with a serious request to become another observer of the 27-year-old grouping.

The prince stated clearly that his country intends to join the Asean grouping, noting that the stability and security situation in his country is important to the whole region.

Cambodia's change of heart came as a result of the troubled nation's need to seek the security guarantees associated with Asean, said an observer. Previously, Cambodia had indicated that it was in no hurry to join Asean and would rather follow Laos.

Compared with Vietnam and Laos, Cambodia has all the ingredients required to become an Asean member—a freely-elected government and parliamentary system ratified by the United Nations and a free market economy—a system which could be merged easily with those of the current Asean countries. Vietnam and Laos are still tightly-knit one-party political systems while their economies are being gradually opened up. Burma, which is likely to be the last Asean member, has a long way to go in reshaping its political and economic system before it could be accepted as a member.

While the three Indochinese countries are suffering equally from human resource shortages in rebuilding their fledging economies and will take time to catch up with Asean's booming economies, Cambodia could easily adapt to new systems as the country is starting from scratch after two decades of civil war.

One factor likely to hold back the membership of the Indochinese states is the lack of officials proficient in English—Asean's working language. Asean has about 300 meetings annually and it would be difficult for the three countries to provide sufficient officials to attend all the meetings.

As Malaysian Foreign Minister Abdullah Ahmad Badawi put it, being an Asean member is tough.

At last week's meeting, Vietnam stated a clear intention to upgrade its status to that of member. However some structural adjustments and human resources hurdles would have to be overcome before it is ready to gain full membership.

As for Laos, a critical lack of human resources and financial difficulties will require a longer march to attain membership.

Vientiane itself prefers gradual but careful development.

Cambodia in the meantime has opened its door widely to outsiders, welcoming foreign technology, culture and social change. International aid is flowing to Cambodia, the priority of which is being given to national reconciliation and rehabilitation for the people and the country. It has been promised billions of dollars in financial support from UN member countries.

Only one worrying factor for Asean is the instability in Cambodia, which is plagued by widespread corruption and internal fighting. One official said the instability in the country will unneccesarily add more problems to Asean.

Having shouldered the burden of Cambodia for more than a decade, Asean members individually embarked on exploiting the country and were reluctant to take any collective approach to help reinforce stability.

A clear division was reflected by Asean's inability to bring Cambodia into the Asean Regional Forum (ARF) despite its qualified status. "Everybody wants to exploit Cambodia but does not want to shoulder it," said another observer.

Moreover, Cambodia, which used to dominate Asean discussions and was the focus of long deliberations in past ministerial joint statements has now become a non-issue for Asean. Concerns over the present situation in Cambodia were recorded in a single six-line paragraph in this year's joint communique, a much shorter reference than Asean's comments on the situation in Bosnia-Herzegovina.

Despite more than a year having passed since the UN-organized election, Cambodia is still embroiled in its conflict with the Khmer Rouge resistance. Fighting still continues, claiming the lives of Cambodians and foreigners while the government can do nothing to cease the insurgency.

A sophisticated war could erupt in Cambodia as the Khmer Rouge has now been outlawed by newly-adopted legislation and the country is trying hard to obtain lethal weapons from Western countries to fight against the rebels.

The Western countries, including the U.S., France and Australia, did not rule out the possibility that they would supply Cambodia with more weapons.

Asean has adopted a cautious stance on the problems, saying they are internal affairs. However, ministers at the 27th Asean meeting expressed support for the legitimate government and condemned the Khmer Rouge's provisional government and the recent coup attempt.

Indonesia and Malaysia have made it clear that they are ready to support Cambodia with military training while Thailand, as a frontline state, is reluctant to provide help for fear the covert military assistance will prolong the war.

However, Asean officials admitted—Cambodia's political situation has continued to affect regional security. They said bringing Cambodia in would be better for Asean than leaving it out in the cold.

The question now is, when will be the right time.

Observers noting the likely future troubles in Cambodia, said Asean is not ready to have it as a member any time soon even though Cambodia is keen to join. "Asean is like a handicapped man trying to hold up another handicapped man," said one observer.

Political and social developments in the countries of both Asean observers and the observer-to-be are being made gradually and so the Indochinese countries have the absolute right to ask help from Asean when they become members.

Those countries, however, are also facing a challenge in the years to prove that their participation in the grouping would not hold the grouping back.

As Badawi noted in his opening remarks to the Asean meetings, the emergence of an Asean-Ten could become a reality by the first decade of next century.

Chuan Denies Lobbying Against Aid

BK0308041594 Bangkok BANGKOK POST in English 3 Aug 94 pp 1, 3

[Text] Thailand yesterday denied it had lobbied the international community not to provide the Cambodian armed forces with military aid to fight the renegade Khmer Rouge.

The denial followed the reported accusation by Cambodia's First Premier Prince Norodom Ranariddh on Monday that Thailand had lobbied against international military aid to Phnom Penh to help it fight the radical Khmer Rouge.

Prime Minister Chuan Likphai told reporters yesterday the Foreign Ministry had already denied the accusation. The ministry said earlier that it had never tried to interfere in Cambodia's internal affairs.

Mr Chuan, however, admitted that several countries had sought Thailand's view on the issue. He said the kingdom had offered its opinion based on the understanding that the conflict in Cambodia always has an impact on neighbouring countries, including Thailand.

"It is untrue that Thailand has lobbied other countries not to supply arms to Cambodia. The Foreign Ministry has already denied this. It's a thing that we do not do. We only offered our opinion in response to direct enquiries from other countries," Mr Chuan said.

Commenting on speculation the Government planned to review its foreign policy towards Phnom Penh for its spate of damning accusations against Thailand recently, Prime Minister Chuan said there would be no change just yet.

The Government would continue to use the Foreign Ministry to clarify any misunderstanding that may arise between Thailand and Cambodia, he said.

Deputy Foreign Minister Surin Phitsuwan also denied the allegation that Thailand had been lobbying other countries not to give military assistance to Phnom Penh.

Following recent battlefield setbacks, Phnom Penh requested Asian and Western countries for military aid. Thailand voiced opposition to the request saying military assistance was likely to aggravate the fighting which could spill over into Thailand or send refugees fleeing across the border.

Prince Ranariddh on Monday accused Thailand of lobbying against military assistance which he said was interference in Cambodia's internal affairs and also proved that Thailand "continues to support the Khmer Rouge".

Mr Surin said that military assistance might be the internal affair of Cambodia but if it also affects Thailand. "Thailand has the right to express her opinion. We gave our opinion in good faith. Many countries are uncertain whether such assistance will lead to compromise or more chaos and violence," Mr Surin said.

Thailand has many times said that if Cambodia wanted to say anything it should make its views known through diplomatic channels.

The Deputy Foreign Minister also expressed Thailand's concern for the welfare of the 14 Thais being held by Phnom Penh on suspicion of involvement in the recent coup attempt.

The deputy minister said the unusually lengthy investigation process appeared to indicate that Phnom Penh might not be sincere in its probe.

Aide-Memoire Given by Foreign Ministry

BK0308084494 Bangkok Radio Thailand Network in Thai 0530 GMT 3 Aug 94

[Text] Foreign Affairs Minister Squadron Leader Prasong Sunsiri talked to reporters at Government House on developments concerning the 14 Thais being detained by Cambodian authorities as suspects for their involvement in the recent coup in that country.

Prasong said the investigation of the 14 Thais has been sluggishly carried out for more than a month, therefore it is necessary for Thailand to take diplomatic action in order to make Cambodia understand that the delayed detention of the Thai people is inappropriate. Those who are proven innocent should be released immediately. So far, no legal charge has been made against the Thais at all.

The foreign minister today, through the permanent secretary of the ministry, invited the Cambodian ambassador to Thailand to meet him in order to hand him an aide-memoire on the detention of the 14 Thais to be delivered to the Cambodian Government. The Thai Government does not want the existing good relations between the two countries to deteriorate but wants relations to continue further.

Property Cooperation Accord With SRV Approved

BK0308070194 Bangkok Radio Thailand Network in English 0000 GMT 3 Aug 94

[Text] The Cabinet yesterday approved the signing of a memorandum of understanding on bilateral cooperation in intellectual property matters between Thailand and Vietnam. The memorandum is part of an intellectual property cooperation project among countries in the Mekong Basin comprising Vietnam, Laos, Cambodia, Myanmar [Burma], and Southern China. The intellectual property cooperation project is meant to enhance relations and cooperation among government agencies responsible for intellectual property rights in all the Mekong Basin countries.

The project also focuses on human resource development, exchange of personnel and information, protection of intellectual property, and solving intellectual property right violations.

As the Thai private sector has recognized the importance of technological development, more and more products of the Thai brand names have been developed and marketed worldwide. Cooperation among countries in the region will also prevent violation of intellectual property in the future.

Minister Denies Banks Involved in Money Laundering

BK0108113094 Bangkok Radio Thailand Network in Thai 0530 GMT 1 Aug 94

[Text] Talking to reporters before a meeting of the Council of Economic Ministers at the Government House this morning, Finance Minister Tharin Nimmanhemin denied the statement made by the Cambodian finance minister in an interview that Thai banks in Cambodia play a part in laundering the money obtained from narcotics. The Thai minister said it would be impossible.

However, Tharin also said that the Bank of Thailand will investigate all the branches of the Thai banks presently operating in Cambodia. In the case of Cambodian banks, no matter they are owned by persons of any nationalities, it is the duty of Cambodia itself to check for involvement in money laundering.

Finance Minister Comments

BK0108153294 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 1 Aug 94

[Text] The finance minister does not believe that Thai commercial banks in Cambodia are involved in money laundering activities.

Finance Minister Tharin Nimmanhemin said he needs to see more details on the report from the Bank of Thailand to find out if branches of Thai commercial banks are really involved in money laundering activities or not.

[Begin recording] [Unidentified Reporter] Can we check the accuracy of the report?

[Tharin] I have not yet received any report on this issue. That is very unlikely.

[Reporter] It was a minister of the Cambodian government who ...

[Tharin, interrupting] I have to see more details before I can comment. The Bank of Thailand will have to investigate into the issue if it involves branches of Thai banks operating in Cambodia. However, if it involves the banks set up in Cambodia, regardless of their owners, it is the internal affair of that country. [end recording]

Economics Will Dominate Chuan's Visit to Japan

BK0308052494 Bangkok THE NATIO[illegible] in English 3 Aug 94 p A4

[Text] An Economic agenda will dominate Prime Minister Chuan Likphai's official visit to Japan beginning on September 2. The visit is aimed at contributing to the amiable relationship between Thailand and Japan, Government spokesman Aphisit Wetchachiwa said yesterday.

The prime minister will spend six days in Japan, and return to Thailand on September 7, Aphisit said.

During the six-day visit, Emperor Hirohito of Japan will grant an audience to Chuan, and hold a dinner banquet for him. Chuan and the Japanese emperor will talk about bilateral relations, according to Aphisit.

Chuan will also meet representatives of Japanese private firms in Osaka and Tokyo.

Aphisit said Chuan's visit is in response to an invitation by former Japanese Prime Minister Morihiro Hosokawa, who visited Thailand while he was in power.

Aphisit said Thailand would like Japan to have a bigger role in Southeast Asia's economy, and needs investment by Japanese firms in industries which have linkage effect on the development of Thai provincial areas.

In addition, Thailand would like Japanese firms to transfer their technology to the Thai private sector in business transactions between the two parties. Prime Minister Chuan will discuss these matters with representatives of Japanese private firms, and will consult the Japanese government about the sharp appreciation of the yen.

Thailand also would like to invite Japan to join the Economic Growth Quadrangle, the Mekong Economic Sub-Region, and the East Asian Economic Caucus (EAEC), according to Aphisit.

The Economic Growth Quadrangle is an economic cooperation project between Thailand, China, Burma and Laos. The Mekong Economic Sub-Region is another economic cooperation between Thailand, China, Burma, Laos, Cambodia, and Vietnam.

Firms Asked To Expand Indochina Operations

BK0208094994 Bangkok BANGKOK POST (INSIDE INDOCHINA Supplement) in English 2 Aug 94 p 3

[Text] The Federation of Thai Industries [FTI] has urged Thai corporations to expand operations in Indochina to maintain Thailand's competitiveness in the area.

Vice-president Praphat Photiworakhun told INSIDE INDOCHINA that the FTI had established an Indochina Group as an information assistant for those interested in the region.

Thai businessmen needed to invest abroad because Thai manufacturing was losing its advantage of cheap labour, which had risen from an average of seven per cent of total product cost to about 12 per cent, he said.

"The labour cost of 12 per cent is still affordable, but the cost is undoubtedly rising. We will be no longer have an advantage in future. [sentence as published] With this trend, Thai businessmen must go abroad to invest," he said.

Although Indochina and the Indian sub-continent—India, Sri Lanka, Pakistan and Nepal—are considered immediate growth areas, Praphat said conditions now favoured Indochina especially Vietnam.

Companies in the textile and leather industries were very interested in investing in Vietnam. Many other industries were making studies.

"It is unfortunate that the state sector is slow in providing help for those wishing to invest abroad, except the Export Import Bank which seems very active," he said.

He favours Vietnam because there is a probability Japanese companies will target that market.

According to Praphat, Japanese businessmen are confident Vietnam will become part of ASEAN and a member of the ASEAN Free Trade Area.

ASEAN and Indochina offered a very large market to support investments and Vietnam was very attractive in terms of cheap labour, he said.

Japanese businessmen were previously very interested in business in Indochina and Yunnan province of China but were now more interested in ASEAN and Indochina.

"For businessmen, this is going to be a very big market. Further, the U.S. has shown strong will to support economic development in Vietnam, which means the provision of the Generalised System of Preference (GSP) to Vietnamese exports. This indicates investment in Vietnam will soon have access to ASEAN and the U.S. market," Praphat said.

Many important industries, such as electrical appliances and vehicles, mostly Thai-Japanese joint ventures, still depended very much on the policy of parent companies in Japan, Praphat said.

Paper Views Rangoon Repression of Refugees

BK3107144594 Bangkok THE SUNDAY NATION in English 31 Jul 94 p A6

[Editorial: "Stop Using Mon Refugees as Pawns"]

[Text] It is only in the most bitter of tones that human rights organizations and Mon leaders can now turn to the Thai government and say, "We told you so."

When Thai officials gave out the order last year that many of the 7,000 Mon refugees living in Loh Loe camp had to be relocated to Halockhani just over the border in Burma, they were told that this would put the refugees in danger of attack from Burmese soldiers stationed at nearby Three Pagodas Pass.

When the officers from the 9th Infantry Division based in Kanchanaburi insisted the refugees would be safe and that Burmese soldiers would not enter the camp, they were warned that the Tatmadaw's [defense services] word could not be trusted.

And when Thai politicians argue that the policy of constructive engagement with the State Law and Order Restoration Council (Slorc) will lead to a more open society in Burma, they are still told that appeasing the ruling military junta will not prevent it from employing harsh measures to remain in power.

The warnings, it turned out, were not overly pessimistic. On the morning of July 21st, over 100 troops from

Burma's 62nd battalion entered Palai Thumpai village on the western edge of Halockhani, rounded up all the residents, arrested 16 leaders and raided the stores.

They then moved on towards the rest of the camp, using dozens of refugees as a human shield, but were intercepted and repulsed by Mon troops which had come down from the hills. Before departing for good with their 16 prisoners, the Tatmadaw burned down scores of houses and warned the remaining refugees that if they didn't depart from Halockhani within three days they would be killed.

The refugees have now departed, leaving behind the homes they had built over the last few months upon arriving at Halockhani. Roughly 4,000 of them are crowded under temporary shelters at a Border Patrol Police checkpoint on the border. They are short of drinking water, and the sanitary conditions are expected to worsen, possibly leading to an outbreak of disease.

No word has been heard about the fate of the 16 men taken prisoners by the Burmese troops, and it is presumed they are either being used as porters or have been tortured or killed in revenge for an earlier conflict between the soldiers and camp inhabitants.

Nor has there been any explanation from Rangoon for the attack. It remains unclear whether the 62nd battalion acted on its own, or was simply carrying out orders designed to pressure Mon leaders into signing a ceasefire agreement with Slorc.

What is now perfectly clear to everyone, however, is that Burmese soldiers cannot be trusted to keep their word and leave the refugees in peace.

Even the National Security Council (NSC) seems ready to accept this point. "We hoped the Burmese would not attack (the camp)," the NSC's Colonel Wiwat Wisanuwimon said last week. "It is a breach of promise by the Burmese military."

But other Thai officials have so far failed to hear this message. Incredibly, the local district officer in Sangkha Buri is insisting that the refugees return to Halockhani, despite the danger they would face of another attack.

The refugees have refused to return, naturally enough, and Mon leaders have asked the Thai government to allow them to stay in Thailand until it is safe to return to Burma.

Military spokesman Lt Gen Anuson Kritsanaserani said this would go against Thai policy, but added that, "Should pushing them back expose them to danger, we would ... consider that more carefully, for we don't want to see them be harmed".

The final decision, however, would be left "to the judgement of the local army commanders". The 9th Division in Kanchanaburi has so far declined to comment on the situation.

Thai policy seems designed to curry favour with Slorc in order to further Thai business interests hoping to capitalize on Burma's vast untapped natural resources. What Slorc wants most right now is ceasefire agreements with the ethnic rebels, on its own terms, and Thailand is eager to help apply pressure on the rebels.

That is why the Mon refugees were ordered to move to Halockhani in the first place, and why Thai authorities are threatening to cut off supplies to ethnic refugees from Burma in general and repatriate them en masse.

The policy of "constructive engagement" is a fiercely controversial issue, of course. But the point is that the refugees should be left out of the debate.

The overwhelming majority of refugees are civilians who are simply trying to escape persecution. These are human beings we are talking about, flesh and blood, not pawns to be used in Thai-Slorc machinations.

The refugees must be allowed to stay in Thailand and live in peace as long as they agree not to become involved in military activities and until it is safe to return. This is especially true for the Mons in Kanchanaburi.

Refuge Urged for Mons Fleeing 'Persecution'

BK0208102494 Bangkok THE NATION in English 2 Aug 94 p A8

[Text] Thailand has been called on to grant refuge to thousands of newly-arrived Mon refugees who have fled to the Thai-Burmese border to escape "systematic ethnic persecution" by the Burmese authorities.

The call came from the National Democratic Front, an alliance of a small number of armed ethnic minorities in Burma, which also urged continued asylum for those who are in the Pa Yaw camp, and for those who fled a Burmese attack last month on the sprawling Halockhani camp near the Thai border.

In a statement released yesterday, the front said the recent incident in Halockhani highlighted "two major threats" refugees from Burma are now facing—the risk of forced repatriation by Thai authorities and the danger they face when prevented from seeking refuge in Thailand.

Residents of the Halockhani camp are those who were moved early this year from Lo Loe camp in Thailand by Thai authorities who repeatedly assured them of their safety against attacks by the Burmese troops.

The statement said that prior to the "forcible relocation," the Mon National Relief Committee had pointed out the potential danger to the refugees, as Halockhani was close to the Burmese outpost at Three Pagoda Pass.

"However, a group consisting of one of the advisers to the Secretary General of the National Security Council and an officer from Division No 9 of the Royal Thai Army, said that Halockhani was within Thai territory and gave assurances that the camp would never be attacked by troops of Burma's Slorc regime. After that, the Thai authorities made arrangements for forcible relocation," it said.

Slorc stands for the ruling Burmese State Law and Order Restoration Council, which seized power in the coup in September 1988.

The Burmese Army's Infantry Battalion No 62 from the Three Pagoda Pass, while travelling on their way for a change of guard, stopped to attack a village on the outskirts of the Halockhani camp on July 21, arrested 16 camp leaders and a teacher and set ablaze the whole village.

The attack was believed to be a retaliation for an earlier incident, when two Burmese soldiers were shot dead and their arms seized by villagers.

The statement added that the Slorc's "systematic ethnic persecution" in the form of forced labour, forced collection of cash, forced relocation and looting of livestock has caused a continued exodus of ethnic civilians from the Karen, Karenni and Mon areas.

"These new refugees are now being blocked from entering Thailand and, as a result, are being forced to set up refugee camps on the Burma side of the border," it said.

"The attack on Halockhani has proven that, under existing conditions, it is unsafe for refugees to be repatriated to Burma. In addition, it has shown that while 'systematic ethnic persecution' continues, those people seeking asylum should be granted refuge in Thailand," it added.

The statement described the refugee situation as in a "deplorable state", and urged the Thai Government to show "mercy and sympathy" to those people by allowing them to continue to stay in Thailand and the international community to protect them according to "established international principles."

Cabinet Approves Establishment of Consulate

BK0308082394 Bangkok Radio Thailand Network in English 0000 GMT 3 Aug 94

[Text] The Republic of Benin will appoint an honorary consul in Thailand. The cabinet yesterday approved the Ministry of Foreign Affairs' proposal to allow Benin, a country in Africa, to establish an honorary consulate in Thailand. The government of Benin will appoint Mr. Amarin Khoman as honorary consul of Benin to Thailand. The opening of a consulate of Benin in Thailand is expected to further expand trade and investment ties between the two countries.

Meanwhile, the cabinet agreed in principle that Thailand exchange a note of financial cooperation with Britain. The Ministry of Finance has proposed the plan to utilize a loan from Britain to support a project of the Provincial Electricity Authority. The loan is worth 15 million pounds sterling.

Authorities Urged To Deal With Terrorism

BK0108112294 Bangkok BANGKOK POST in English 1 Aug 94 p 4

[Editorial: "The Threat of Terror Knows No Frontiers]

[Text] The massive and deadly bomb blast that tore apart a community centre in Argentina two weeks ago was a deadly reminder of what almost occurred in Thailand. It was only last March that a random traffic accident prevented the same type of carnage in our capital. Investigators in Buenos Aires say that a bomb in a parked vehicle tore apart the Jewish centre on March 18, killing about 100 persons and wounding more than 200 others. The methods of the terrorists in Argentina were apparently identical to those of the terrorists in Bangkok. Other blasts in America and Europe also have used the same type of bomb.

It is of no comfort to anyone, therefore, that the worst terrorists of today, and their masters, seem to be based in the Middle East. These men—they do not trust women, by most reports—consider the entire world their target. Misguided persons and outright collaborators alike support a world-wide campaign of terror to attain their dubious goals. "Suicide martyr squads have been formed to confront and combat Zionism everywhere," boasted a Lebanon-based group called Ansarollah, or Partisans of God. The group was among several with the arrogance to claim responsibility for the Argentina blast and the bombing of a Panamanian passenger plane.

Unfortunately, recognition that such people are unbalanced cannot guarantee the lives of innocents against their outrageous bigotry. Only serious, intelligent and international cooperation can hope to succeed against such prejudice. Clearly, the campaign of terrorism in recent years is aimed at halting peace in the Middle East. Brave leaders in Israel and many Arab nations have overcome centuries of hatred and decades of war. As the Mideast edges slowly and carefully towards an era of serenity and tolerance, small groups of hate-filled zealots have become more determined to keep their malice alive.

Our own authorities clearly must take an active part in combatting such violent hatred. The truck bombing which almost occurred last March could have been at least as deadly as the recent blast in Argentina. If the man driving the truck had not collided with a motorcycle, dozens of Thais likely would have died, no matter which foreign mission happened to be the target.

Terrorists do not discriminate over who they kill. In their eyes, innocent Thai bystanders deserve to die as much as Israeli peace-makers.

Suspicion for this world-wide campaign of bombing has settled time and again on Iran, as well as several violent Lebanon-based groups it sponsors. The evidence thus far is circumstantial at best. In Thailand, police have detained Iranian citizens in connection with the abortive bombing last March. Iranian diplomats claim the men are innocent, but prosecutors remain unconvinced. Other tantalising but inconclusive claims have been made through the years that Iran has supported terrorism in Thailand. These include aid to Thai separatist bandits, and claims of help to hijackers of a Kuwait Air airliner in 1981 and the would-be truck bomber last March.

It is increasingly important to determine the source of help to international terrorists. Sick and twisted individuals can be found to drive truck bombs. But behind each bombing lies a master plan and one or more groups which recruit the bombers, organise each terrorist act, and provide finance. The identity of an individual terrorist is of interest only so far as authorities can tie him to a violent group—or, worse, government—which manipulates the sick man.

Argentine security forces last week said Ansarollah is linked to Hezbollah—the Party of God—known as the standard-bearer in Lebanon of Iran's version of Shi'ite Muslim fundamentalism. Israel has blamed the Buenos Aires bombing on Iran and Hezbollah. Both have denied involvement, as usual. Yet, Iran and the violence-prone Middle East groups it supports have been less than convincing in statements condemning all terror.

It is untrue that "one man's terrorist is another's freedom fighter." Clearly, recent car bombings and attempts in Argentina, America, Europe and Thailand are acts beyond the pale. Our authorities must work with those of many other nations dedicated to halting such attacks. The only reliable method of achieving this goal is to identify those behind the campaign, and to deal with them by law, as the case may demand. International terror is not an internal affair of any nation. The man in the street in Bangkok and in Buenos Aires are threatened.

Al Arqam Members Denied Visa Extension

BK0308044694 Bangkok BANGKOK POST in English 3 Aug 94 p 3

[Text] Immigration Police Bureau has refused to extend visas for a group of Al Arqam members for the sake of Thai-Malaysian relations, Deputy Interior Minister Den Tomina said yesterday.

Mr Den, a Muslim MP of Pattani Province, said action was taken because Malaysia was suspicious about activities of the group.

"Although we do not believe that the suspicion is true, we have to give our neighbour priority," the minister said.

Mr Den said action was taken by the immigration police. He did not order the denial, he said.

He said Al Arqam leader Ashaari Mohamed and four other members of the group were escorted to see him by a Thai from Chiang Mai at Parliament on July 20, saying that their visa had expired from July 19.

Having been denied a visa extension by immigration police, they wanted him to revoke the decision by granting a 7-day extension.

Mr Den said he contacted immigration police as requested and was advised that the group should apply for their extension in Chiang Mai.

He said he only found out yesterday their request was again rejected.

Mr Den said members of the Al Arqam had not conducted armed training or any unlawful activities although he had been told by Malaysian journalists that the group's ideology deviated from Islamic principles.

A high-level Interior Ministry source said the visa request was turned down after a request from the Foreign Ministry, in a similar way as requests from East Timorese human rights activists.

The source said the Interior Ministry would seek to meet with the National Security Council to formulate a policy towards Al Arqam.

More Study of Law Amendments Urged

BK0108112994 Bangkok Radio Thailand Network in English 0000 GMT 1 Aug 94

[Text] The government has decided to delay the submission of amendments to the Alien Business Law to the House of Representatives until some aspects of the legislation are revised. The decision was made at the meeting of the Joint Public/Private Sectors Consultative Committee on Friday when the Board of Trade addressed its concern and that of foreign chambers of commerce over the legislation. The amendments to the law which won earlier approval by the cabinet have been made in line with the liberalization policy under the new GATT agreement.

The Board of Trade called for revision of three areas involving shareholders' voting right, the Board of Investment's promotional privileges, and the effects of the legislation toward the agreement earlier made with certain foreign companies.

Deputy Prime Minister Suphachai Phanitchaphak [words indistinct] be revised. On promotional privileges, the Board of Investment will look into the matter while the relationship between the Alien Business Law and existing bilateral accords will also be reconsidered.

Board of Trade Seeks Review of Alien Law Move

BK3007143794 Bangkok BANGKOK POST in English 30 94 p 22

[Text] The Government must consider the macroeconomic impact on the country if the Alien Business Law is amended, says Suwit Wangli, president of the Board of Trade of Thailand.

Mr Suwit said the board's directors agreed at a meeting on Thursday that they will seek the Government's explanation about the possible impact on foreign investors if the law is amended.

He said the private sector is still in doubt on three issues in the draft amendment. These are: the definition of alien firms, Board of Investment regulations, and the implications for companies that currently enjoy benefits under bilateral agreements to which that Thailand is committed.

The new definition of alien firms restricts foreign shareholding and voting rights to less than 50 percent of total investment. The board says this would harm companies that currently have foreign shareholding of less than 50 percent but where foreigners' voting rights exceed 50 percent through the issue of preferred shares.

The private sector is also concerned that the new law will diminish benefits to companies under Board of Investment schemes and the Thai-US Treaty of Amity.

"The private sector agrees in principle with the Government that the country should amend Alien Business Law to attract more foreign investment, but also wants the Government to make clear whether it will have negative impacts on foreign firms or not," said Mr Suwit.

He did not state the board's position on what type of law the private sector wanted, but said the Government should amend the law with a view to making Thailand the centre of trade and investments in the region.

Official: Bill Faces 'Political Hurdles'

BK0308060494 Bangkok BANGKOK POST in English 3 Aug 94 pp 1, 6

[From "Post Database" section]

[Text] The new draft Copyright Bill which expands intellectual property protection to include computer software could become an enforceable law in October, according to Intellectual Property Department Deputy Director-General Yanyong Phuangrat.

Yet, the bill still faces some political hurdles before this can happen.

The law has to be reconsidered by the joint Senate and House of Representatives' committee which will be set up after the Parliament's next extraordinary session opens in October, since the Senate Committee has made some changes to the bill. The House first's regular session meeting ended on July 30.

After the joint committee has reached an agreement on changes to various clauses, the bill will be separately resubmitted to Senate and House meetings for final approval by a majority vote.

However, should the bill fail to pass by a majority vote, the bill will be frozen for 180 days. After that, if the House still wants to consider the bill, they may recall the draft bill to the meetings and a majority vote in its favour would then make it an enforceable law.

Speaking to an audience at a seminar on "The Protection of Computer Software Under the New Copyright Law" held by the Association of Thai Computer Industry (ATCI) last week, Mr Yanyong said that now the Senate's 27-member special committee was deliberating the wording of the Bill.

The deliberations were in the second round and the discussions had now reached Article 43, he said.

He added that he did not foresee any obstacles to the passage of this bill and he was optimistic that it would pass the Senate and become an enforceable law towards October.

"In the committee, the change was and will be made on wording rather than important points in the text which aims at making it easier to read and understand for the general public," he said.

The law would have to be redrafted only if Parliament was dissolved, he noted. Mr Yanyong further explained to the audience that the new law would try to plug loopholes in the existing law. The new copyright law expands its protection to cover computer software under the category of literary work.

Software was protected under this category because the characteristics of programs were similar to the creation of other literary works, he said, adding that an infringement was also the same as copying.

Moreover other parts of a software package such as manuals, flow charts and concept documents were protected as literary work, so if software was protected under some other category it would cause confusion.

Also, according to international law, most countries worldwide accepted computer software as literary work and protected its rights under the copyright law, he added.

In addition to offering clear protection, the new law would also offer more efficient means enforcing it. Intellectual Property Department officials, appointed to investigate intellectual property cases, have the right to arrest violators while the Intellectual Property director general is authorised to settle a fine in small cases without bringing the cases to court, he noted.

An Intellectual Property Court was now being established and this court would help reduce the time legal cases would take because judges in this court would be experts in the area.

Violators face possible jail terms of up to 4 years and fines of up to 800,000 baht. Convicted violators will not be eligible for any sort of compromise if found guilty of infringing the law for commercial purposes.

Central Bank Sums Up Economic Performance

BK0308085094 Bangkok Radio Thailand Network in English 0000 GMT 3 Aug 94

["News in Perspective" feature]

[Text] The cabinet yesterday heard a report by the Bank of Thailand summarizing Thailand's economic performance in the first half of 1994 and outlook for the whole year. The report says that the Thai economy from January to June this year continued to grow steadily after the acceleration in the second half of last year. The Thai economy during the period benefited from several external factors, such as a recovery in the world economy, higher prices of agricultural products in the world market, and a relief in the [word indistinct] situation.

On foreign trade, export showed an impressive growth rate of about 23 percent in almost all categories, especially fishery products. This is because demand by foreign markets for Thai exports has been on the rise and Thailand's competitiveness in the world market is still satisfactory.

Imports grew by 13.7 percent in line with domestic production and spending. As a result, the trade and current account deficits saw a decline when compared to the figures last year. Although the balance of payments represented a surplus of some 56,000 million baht, international reserve by the end of June amounted to some 28,300 million U.S. dollars.

In the second half of this year Thailand's inflation was 4.9 percent, compared to 3.2 percent over the same period last year. The government's cash surplus recorded some 42,500 million baht. This was due mainly to the increase in the revenue collection, while only a flat increase was seen in budgetary disbursement.

The growth rate of credits rose by 23 percent, while that of deposits dropped significantly to only 13.7 percent a year.

The Bank of Thailand mid-year economic review forecasts that the Thai economy during the second half of this year will expand further at 8 percent. Agricultural production is likely to pick up and farmers' income is expected to increase by 10 percent, compared to a decline by 12 percent in the past year.

The non-agricultural production is likely to expand by 8.6 percent. Public investment expenditure is expected to accelerate in line with the national budget which focuses on investment. Deposits from July to December this year are believed to expand by 17 percent, but the extension of credits could slow down to 22 percent.

The Bank of Thailand says it still places special emphasis on measures to stabilize the country's financial system. It also calls for austerity measures to prevent overspending by the public sector. At the same time, the central bank stresses a strong need to urgent promote savings by the private sector. The monetary policies will help maintain Thailand's economic stability in the long run.

Economic Development in South To Be Developed

BK0308045294 Bangkok BANGKOK POST in English 3 Aug 94 p 8

[Text] The Government has placed greater emphasis on economic development as a solution to security problems in the South, National Security Council deputy secretary-general Phichai Rattanaphon said yesterday.

The emphasis on economic development would tackle poverty as highlighted in the new security master plan for the southern region in correspondence with the 8th National Development Plan, he said.

Mr Phichai said the structure of the Southern Provinces Administrative Centre would also be changed. A deputy director would be appointed to take charge of economic affairs in addition to three existing deputy directors for military, police and civilian affairs.

To make law enforcement operations of the centre more smooth, he said, the deputy director in charge of police affairs would be a senior police officer with the rank of assistant police chief in October.

Under the new plan, the responsibilities and duties of the four deputy directors would be clearly defined, he added.

He said the situation had improved because government officials were performing better and more southern MPs held ministerial posts.

Vietnam

Hanoi Reports Shipment of MIA Remains

BK0208114294 Hanoi Voice of Vietnam in English 1000 GMT 2 Aug 94

[Text] The United States has shipped home seven boxes containing human remains believed to be those of U.S. airmen killed in the Vietnam war.

The remains, excavated by search teams last month or handed in by Vietnamese villagers, could include fragments of up to 10 individuals as some came from wartime sites, where more than one serviceman was lost.

Phnom Penh Mission Protests Killing of Vietnamese

BK0108084794 Hanoi VNA in English 1354 GMT 31 Jul 94

[Text] Hanoi VNA July 31—The Vietnamese embassy in Phnom Penh yesterday sent a note to the Ministry of Foreign Affairs and International Cooperation and the Ministry of Interior of Cambodia and the United Nations Human Rights centre in Cambodia, vehemently condemning the killing of three Vietnamese nationals and taking hostage of three westerners when their train fell into an ambush of the Khmer Rouge on July 26.

In the note, the Vietnamese embassy requested the Royal Government of Cambodia to take measures to protect the safety of Vietnamese as well as other foreign residents in Cambodia.

Human Trafficking Syndicate Broken

BK0208095494 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 2 Aug 94

[Text] The security police station at Noi Bai International Airport recently succeeded in cracking down on an illegal human trafficking attempt by the international Mafia. A group of five Chinese citizens were attempting to use Vietnam as a transit point for their travel to a third country. They had successfully gone through entry-exit visa procedures in Venezuela, Thailand, and Hong Kong. With the help of middle men, they came to Vietnam to ask for entry visas, but the attempt by the international criminal syndicate was detected and averted.

Japan To Fund Restoration of Hydroelectric Plant

BK0208150094 Hanoi VNA in English 1425 GMT 2 Aug 94

[Text] Hanoi VNA Aug. 2—A group of 25 Japanese and Vietnamese experts is making an on-spot survey on the present status of the Da Nhim hydro-electric power plant in preparation for a plan to restore upgrade it.

The plant, bu[illegible] with Japanese assistance in 1960, has been worn out after 33 years' operation.

Under an agreement signed on December 1, 1993 between the Ministry of Energy and the Jika organization of Japan, the Japanese Government will provide fundings for surveying and upgrading the plant within 15 months.

In the first stage, during three-month survey from July to September the Japanese-Vietnamese joint group will examine 257 km of 230-kv electric transmision line, the transformer stations of Thap Cham, Phan Ri, Phan Thiet, Cam Ranh and Ho Chi Minh City, the control section, the Da Nhim reservoir and other component of the plant.

Japanese Telecommunications Delegation Recieved

BK0308074094 Hanoi VNA in English 0618 GMT 3 Aug 94

[Text] Hanoi VNA August 3—A memorandum of understanding on bilateral cooperation was signed here on Monday between Mr. Masashi Kojima, president of Japan's Nippon Telegraph and Telephone Corp. (NTT) and Mr. Nguyen Ba, general director of the Vietnam Posts and Telecommunications Company.

During its three-day visit to Vietnam a delegation led by NTT President Masashi Kojima had working sessions with the Vietnam Posts and Telecommunications Company on a programme of technology development and training.

On August 1st, Mr. Masashi Kojima accompanied by Mr. Hiro Kinoshita, executive vice president of Sumitomo Corporation, and their party were received by Prime Minister Vo Van Kiet, who discussed with them overall Vietnam-Japan cooperation as well as business strategy and cooperation in telecommunications.

On the same occasion, NTT Corporation in collaboration with Vietnam's Directorate of Posts and Telecommunications and the Post and Telecommunications Company held a seminar on advanced technology and management of telecommunications. The seminar drew the participation of 150 experts from different Vietnamese companies and institutions who were briefed on current situation and future trend in access network, mobile telecommunications technology as well as an overview of NTT as a global carrier.

Trade Union Leaders Visit Japan

BK0308074494 Hanoi VNA in English 0627 GMT 3 Aug 94

[Text] Hanoi VNA August 3—President of the Vietnam General Confederation of Labour (VGCL)—Mr Nguyen Van Tu, left here today for a working visit to Japan at the invitation of Japan's National Federation of Workers and Consumers Cooperatives (Zenrosai).

During his five-day visit, Nguyen Van Tu is expected to have meetings with representatives of a number of Japanese working people's movements.

Earier, another trade union delegation led by Vice President of VGCL Mrs Cu Thi Hau paid a week-long Japan visit which ended on July 31.

While there, it had working sessions with Japanese trade union organizations such as Japanese Trade Confederation (Rengo), the National Council of Local and Municipal Government Workers' Union (Jichiro), the Japan Postal Workers Union (Zentei) and the Japan Teachers' Union (Nikkyoso).

Party's Role in Renovation Reiterated

BK0308041794 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 1 Aug 94

[Text] NHAN DAN carries an editorial on the successful conclusion of the party Seventh Central Committee's Seventh Plenum, today [2 August], which is entitled: "The Glorious and Arduous Revolutionary Cause."

The editorial says: The strategies for stabilization and development to the year 2000, which was approved at the party's Seventh Congress, clearly indicate that the most important targets are consolidation of infrastructure and technologies, and the advancement of economic structures towards industrialization. Modernization and industrialization are our difficult and strenuous objectives. The party needs to be built pure and steadfast; possess solid political acumen and broad viewpoints; and train sound and well-disciplined personnel, who are capable of working out measures to implement effectively all lines and policies required by the revolution cause.

The party should be able to mobilize the people, especially young people, to nurture high expectations and the determination to overcome all difficulties and build up a prosperous and strong country. Building up the workers class and taking care of trade unions are core tasks of the whole party at present. We should also foster the training and employment of intellectuals, and consolidate the alliance among workers, peasants, and intellectuals to fulfill the glorious and strenuous revolutionary cause of modernization and industrialization of our country.

Le Phuoc Tho Speaks on Party Renovation

BK0108131194 Hanoi NHAN DAN in Vietnamese 14 Jul 94 p 3

[First installment of "the main part" of Political Bureau member Le Phuoc Tho's speech at the national conference of cadres convened by the Central Committee Secretariat in May 1994]

[Text] Initial experiences drawn from the movement to renovate and revamp the party

I. A number of outstanding issues relating to direction for implementation.

As we still may recall, when the Central Committee Third Plenum Resolution was enacted, the following questions were raised:

What should we do to apply the resolution to real life? How do we make cadres take part in the movement to renovate and revamp the party? How do we improve the intellectual background of party members and build pure and strong party organizations and party chapters? The contents of the resolution are new and practical, but is it possible to implement them? There were other questions, too.

So far, realities have indicated more and more clearly that the Central Committee Third Plenum Resolution on renovating and revamping the party was enacted at the right time, that it responded to the people's aspirations, and that it shed light on many theoretical and practical issues relating to the task of building the party in the new stage, especially since the start of the movement to effect changes in the economic management mechanism and implement democracy in society.

At this conference, based on actual situations, many delegates expressed their views to further clarify the initial results of the tasks of building the party in the political and ideological areas, revamping the party's organization, effecting important changes in cadre-related work, renovating and consolidating mass mobilization work, and making sustained efforts to renovate party leadership patterns. Outstanding steps have been taken to revamp party installations and heighten the sense of responsibility of party committee echelons and party members toward party-building work. It is encouraging to note that delegates to this conference have reached consensus on the evaluation of the state of the party and as far as society is concerned, ideological awareness, political stability, and people's confidence in the party's leadership began improving more than two years ago. A number of comrades stressed that the party began with efforts to renovate thinking, especially economic thinking, and then continued to concretize and apply the concepts and lines of the Seventh Party Congress, thereby helping to build the confidence of cadres and party members and sharpen their determination to diligently follow revolutionary ideals and goals and the road to socialism. Other comrades criticized negative phenomena, resolutely opposed all indications of opportunism and revisionism and attempts to negate past achievements, and stressed the need to heighten revolutionary vigilance and fight against the "peaceful evolution" scheme.

The comrade delegates adopted a serious attitude by introducing a number of initial experiences and by making special efforts to shed light on the shortcomings and weaknesses displayed in the process of directing implementation. In Hanoi Municipality, Ho Chi Minh City, and Thai Binh, Tay Ninh, Quang Nam-Da Nang, Can Tho, and other provinces, local party organizations decided to make important breakthroughs by consolidating party installations on the economic and political fronts, strengthening party committee echelons, improving the quality of party members, and retraining cadres. In the framework of this movement, steps have been taken to closely link efforts to renovate and revamp the party with endeavors to improve all aspects of social life, first of all, with the drive to implement socioeconomic development tasks. It is easy to note that the Central Committee Third Plenum Resolution has been quickly applied to life, and this achievement must be credited to the very fact that due efforts have been made to concretize the key tasks of renovating and revamping the party and work out guidelines to direct all echelons in formulating action programs that cover special areas of activities.

The delegates also concurred with the correctness of the Central Committee Third Plenum Resolution and maintained that the steps to follow were appropriate because they were based on the practical direction of all party committee echelons, beginning with the comrade members of the Political Bureau and the Central Committee Secretariat. They also believed that key comrade leaders at all levels would fully realize the urgency of party-building work, sharpen their determination, and devote efforts to satisfactorily fulfilling this important task.

Through discussions at the conference and views contributed by various party organizations, the following five prominent issues were noted:

1. First, the results obtained in certain areas from the party renovation and rectification activities of various business firms, service units, and administrative organs were poorer than those obtained in rural areas and at various party organizations under the armed forces. There are many reasons for this failure, with the prevailing ones being that a number of party committees, party organizations, and leading cadres have remained inactive, that party building activities of a not inconsiderable number of grass-roots party organizations have been separated from their political tasks, from their administrative apparatus, and especially from their socioeconomic development tasks laid down under the party's renovation process. Just as Comrade General Secretary Do Muoi put it: "Though being recognized as steadfast, certain party organizations have separated party building activities from political tasks. This is the main reason why the local people have continued to live in poverty and their intellectual standard has been low."

Many delegates suggested that continued efforts must be exerted to make party cadres and members and the people fully aware that the goal of the renovation and rectification of the party is to improve leadership skills and militancy. This is to ensure effective implementation of various political tasks, with efforts to carry out economic development, do away with hunger and poverty, care for the welfare of the people, satisfactorily implement cultural and social policy, and firmly maintain political stability at the core. This is a yardstick to measure the effectiveness of party building work.

Second, many localities have relaxed their ideological work on several occasions and therefore failed to closely combine ideological work with organizational activities. Worthy of note is that many party committees and party organizations have exerted great efforts to rectify the party organizationally. Particularly, they have rectified the party's organizational activities in accordance with the principle of democratic centralism, have rectified the organizational apparatus of the party at various echelons, such as establishing party cadre affairs committees at various state organs, consolidating party and youth union organizations at people-elected organs and mass organizations, and strengthening the organizational formats for grass-roots party organizations. These efforts have yet to produce any satisfactory results, because while consolidating the party, the localities have failed to closely link ideological tasks with efforts to build the party politically. A number of localities have only emphasized the use of materials as incentive measures. They have relied mainly on administrative and economic measures while ignoring other persuasive and didactical measures. Many localities have failed to firmly grasp the ideological situation of party cadres and members and the thinking and aspirations of the people. Therefore, they have failed to promptly and satisfactorily resolve new issues. Party organizations have yet to concern themselves with requirements for information of their party cadres and members and of the people. Some party cadres and members have continued to remain indifferent politically and displayed callousness about erroneous views and activities. One of the reasons for this is that due to the relaxation of ideological work, party cadres and members have not been provided with information on how what is taking place relates to the renovation process and their welfare. Therefore, while carrying our urgent tasks of building the party politically and ideologically in conjunction with efforts to rectify the party organizationally, we must attach greater importance to the task of educating party cadres and members, especially the younger generation, on the revolutionary ideal.

Our party stressed that one of the "four dangers" was that of being left farther behind economically compared with neighboring countries. This is the truth. Nonetheless, the difference here lies in the fact that our efforts to overcome the danger of being left behind economically must be closely linked with our endeavors to fight against the tendency to depart from socialist orientations. It is necessary to act in line with Comrade General Secretary Do Muoi's instructions that "the party must be strong politically, ideologically, and organizationally and know how to combine its ideological and spiritual strength with its organizational expertise based on socialist orientations."

Thirdly, the results of efforts to direct the campaign against corruption, smuggling, and wasteful spending are still low. This is a real cause for concern. In many localities, the efforts to revamp the party have not yet been closely linked with the endeavors to fight corruption and to overcome the evils of bureaucratism and the tendency to distance oneself from the masses. According to many delegates, a number of members of provincial and city party committees, including party organizations of agencies under the management of the central government, have failed to make due efforts to direct the campaign against corruption and smuggling. The anticorruption mechanism operates inefficiently and shows a lack of close coordination among the different services. Many local party installations display a poor sense of responsibility and remain indifferent to this task. Many party organizations still fail to make due efforts to bring into play the strength of the mass movement against corruption. To date, many party installations still do not fully grasp the contents of Directive 15 of the Political Bureau. As a result, many cadres and party members still maintain that corruption and smuggling cases only occur at upper echelons and in other services, while their units and services are not affected by negativism. Almost all major corruption cases brought to trial were not the results of evaluation and criticism in the party, but the outcome of denunciations by the people and mass media and investigations conducted by the agencies in charge. Experiences drawn by many localities testify to the following facts: On the one hand, party organizations have adopted positive measures to manage and educate cadres and party members so that they can heighten the sense of responsibility and volunteer to make efforts to improve themselves and preserve revolutionary virtue. It is necessary for party committee echelons and party organizations at all levels to take serious action against wrongdoers, oversee the activities of party members and party organizations in charge of law enforcement agencies on a regular basis, perseveringly carry out the struggle, and rely on the masses. On the other hand, urgent measures must be taken to perfect mechanisms, policies, and legal documents to fill loopholes that are easy to be exploited. All these legal documents must be enforced uniformly and seriously from the central down to grassroots levels. If the ills of corruption and smuggling continue to prevail, we will lose our cadres and the people's trust in the party's leadership.

Fourthly, continued efforts must be made to renovate the party's leadership patterns. The delegates concurred with the draft evaluation report that more importance should be attached to efforts to renovate the party's leadership patterns than to endeavors to improve the political system. Nonetheless, they still did not know for sure how to do it. Experiences indicate that, first of all, it is necessary to satisfactorily resolve step by step the relationship between the party and state agencies and mass organizations at all levels. The party exerts leadership over the state through party organizations and party members in charge of state agencies and henceforth, fulfills its overall leadership role in all aspects of social life.

There are opinions stressing that the functions, duties, and relations between party and administration agencies at various levels in policy making as well as in practice are not yet clearly determined and concretized by regulations. In this domain, we should strive to avoid both extremes: either covering too much and intervening too deeply into the administration jurisdiction, or neglecting the leadership role and shirking the leadership function of the party. Both practices lead to negative results.

In order to proceed with the renovation in party leadership pattern, it is important that:

—In the resolution planning process, party committees should conduct scientific and practical research so that all evaluations will be precise. The party committees should also be able to work out feasible measures and ensure proper implementation of these measures. Cadres, party members, and others should be allowed to contribute suggestions. The implementation process for resolutions should be closely supervised.

—We should have an information system which is diversified, including social surveys, statistical programs, and references with overseas information sources.

—Each party committee level should have its own regulations which ensure democracy in its operations.

—Party agencies should be built steadfast with good knowledge and ability to handle their leadership roles.

In short, renovation in leadership patterns should include leadership content and personnel organization. Judging from the current situation, our leadership pattern still raises many essential issues that require improvement, including relations between party and state agencies, and mass organizations. In practice we should regularly review experiences in order to always ensure leadership role of the party. The democratic centralism principle should be cherished in all party activities, and viewpoints and lines of the party should be institutionalized step by step into state laws and policies.

Fifthly, there is a cause for grave concern in the current situation where ideological study can be neglected and not seen as a core element in the formation of party lines and policies. In reality, neglecting ideological tasks and shirking theoretical study means creating a birthplace for wrongful viewpoints. On the other hand, the review of leadership experiences so far cannot catch up with demands of our renovation undertaking and cannot answer new questions raised along the renovation process.

The people are now paying their utmost attention to some essential issues such as the structures of socialism, the ruling party, the law-governed state, and the new standards of party members in the market-driven economy. We should pay more attention to ideological and theoretical tasks and the review of experiences from practice, so that we can find answers to all questions and use the answers as orientations for all party agencies and the party members contingent. We should continue to avoid dogmatism, conservativism, and hostility to merchandise and market economies. On the other hand, we should keep fighting all indications of deviation from socialism. Ideological research agencies should be built up to a higher level of knowledge, ability, and enthusiasm, so that they become capable of helping the Central Committee shed light on new issues of socialism and the path to socialism in Vietnam. Party schools at central and local levels should be consolidated, the quality of their activities should be heightened, and all tasks of ideological study, practice review, and training and further training for cadres of these schools should be strengthened.

Discovery of Oil Attracts Foreign Contractors

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[Text] According to PetroVietnam, the exploration and prospection of oil and gas in Vietnam has attracted large attention from foreign countries. Tewnty-seven international contractors are investigating 41 separate blocks, a number of which is expected to have good oil reserves. The recent discovery of a large reserve oil well by the Japanese company Mitsubishi has attracted further attention of foreign oil and gas companies. Meanwhile, French Petroleum Total and two Taiwanese companies have been granted a permit to build an oil refinery, the first in Vietnam. The Vietnamese Government wants to build a second refinery in north Vietnam to balance state development.

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